



**£300,000,000 5<sup>1</sup>/<sub>8</sub>% Senior Secured Notes due 2025**

issued by

**Virgin Media Secured Finance PLC**

**\$400,000,000 5<sup>3</sup>/<sub>4</sub>% Senior Notes due 2025**

**€460,000,000 4<sup>1</sup>/<sub>2</sub>% Senior Notes due 2025**

issued by

**Virgin Media Finance PLC**

Virgin Media Secured Finance PLC (“**Virgin Media Secured Finance**” or the “**Senior Secured Notes Issuer**”) offered £300 million aggregate principal amount of its 5<sup>1</sup>/<sub>8</sub>% Senior Secured Notes due 2025 (the “**Senior Secured Notes**”) and Virgin Media Finance PLC (“**Virgin Media Finance**” or the “**Senior Notes Issuer**”) and, together with the Senior Secured Notes Issuer, the “**Issuers**”) offered \$400,000,000 aggregate principal amount of its 5<sup>3</sup>/<sub>4</sub>% Senior Notes due 2025 (the “**Dollar Senior Notes**”) and €460,000,000 aggregate principal amount of its 4<sup>1</sup>/<sub>2</sub>% Senior Notes due 2025 (the “**Euro Senior Notes**”) and, together with the Dollar Senior Notes, the “**Senior Notes**” and, together with the Senior Secured Notes, the “**Notes**”).

The Senior Secured Notes bear interest at a rate of 5.125% per annum and mature on January 15, 2025. The Dollar Senior Notes bear interest at a rate of 5.750% per annum and the Euro Senior Notes will bear interest at a rate of 4.500% per annum. The Senior Notes mature on January 15, 2025. Interest on the Notes is payable semi-annually on each January 15 and July 15, beginning on July 15, 2015.

Some or all of the Notes may be redeemed at any time prior to January 15, 2020 at a price equal to 100% of the principal amount of the applicable Notes redeemed plus accrued and unpaid interest to (but excluding) the redemption date and a “make-whole” premium, as described elsewhere in this listing particulars (the “**listing particulars**”). The Notes may be redeemed at any time on or after January 15, 2020 at the redemption prices set forth elsewhere in this listing particulars. In addition, at any time prior to January 15, 2018 we may redeem up to 40% of the applicable Notes with the net proceeds of one or more specified equity offerings at the redemption prices set forth elsewhere in this listing particulars. Prior to January 15, 2020, during each 12-month period commencing on the Issue Date (as defined below), up to 10% of the principal amount of the Senior Secured Notes may be redeemed at a redemption price equal to 103% of the principal amount thereof plus accrued and unpaid interest to (but excluding) the redemption date. In addition, we may, at our option, at any time on or prior to the earlier of (i) the date that is 15 days following the consummation of the UPC Ireland Acquisition (as defined herein) or (ii) the date that is six months following the Issue Date (as defined below), elect to redeem all or a portion of the Notes (the “**Special Optional Redemption**”) at a redemption price equal to 100% of the principal amount of the applicable Notes, plus accrued and unpaid interest to (but excluding) the date of the Special Optional Redemption. In the event of a change of control or sale of certain assets, we may be required to make an offer to purchase the relevant Notes. In the event of certain developments affecting taxation, the Issuers may redeem all, but not less than all, of the relevant Notes. See “*Description of the Senior Secured Notes*” and “*Description of the Senior Notes*” for more information.

The Senior Secured Notes are senior obligations of the Senior Secured Notes Issuer. The Senior Secured Notes rank equally in right of payment with all existing and future indebtedness of the Senior Secured Notes Issuer that is not subordinated in right of payment to the Senior Secured Notes and are senior in right of payment to all existing and future indebtedness of the Senior Secured Notes Issuer that is subordinated in right of payment to the Senior Secured Notes. The Senior Notes are senior obligations of the Senior Notes Issuer. The Senior Notes rank equally in right of payment with all existing and future indebtedness of the Senior Notes Issuer that is not subordinated in right of payment to the Senior Notes and are senior in right of payment to all existing and future indebtedness of the Senior Notes Issuer that is subordinated in right of payment to the Senior Notes.

The Senior Secured Notes are guaranteed on a senior basis by Virgin Media Inc. (“**Virgin Media**”) and certain of its subsidiaries listed in Schedule I of this listing particulars, including, among others, the Senior Notes Issuer, Virgin Media Investment Holdings Limited (“**VMIH**”) and Virgin Media Investments Limited (“**VMIL**”) (the “**Senior Secured Notes Guarantors**”) and are secured by the same property and assets that secure the Existing Senior Secured Notes and the VM Credit Facility (each as defined herein) (the “**Collateral**”). The Senior Notes are guaranteed on a senior basis by Virgin Media, Virgin Media (UK) Group LLC, Virgin Media Communications Limited and Virgin Media Group LLC (collectively, the “**Senior Notes Parent Guarantors**”) and on a senior subordinated basis by VMIH and VMIL (collectively, the “**Senior Notes Subsidiary Guarantors**”) and, together with the Senior Notes Parent Guarantors, the “**Senior Notes Guarantors**” and, together with the Senior Secured Notes Guarantors, the “**Guarantors**”). The Senior Notes are unsecured.

The Senior Secured Notes are in registered form in the denomination of £100,000 and integral multiples of £1,000 in excess thereof. The Dollar Senior Notes are in registered form in the denomination of \$200,000 and integral multiples of \$1,000 in excess thereof. The Euro Senior Notes are in registered form in the denomination of €100,000 and integral multiples of €1,000 in excess thereof. The Notes are represented on issue by one or more global notes, which have been delivered through Euroclear Bank S.A./N.V., as operator of the Euroclear System (“**Euroclear**”), Clearstream Banking, *société anonyme* (“**Clearstream**”) and The Depository Trust Company (“**DTC**”) January 28, 2015 (the “**Issue Date**”).

**See “Risk Factors” beginning on page 17 for a discussion of certain risks that you should consider in connection with an investment in any of the Notes.**

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

Application has been made to the Luxembourg Stock Exchange for the Notes to be admitted to listing on the Official List of the Luxembourg Stock Exchange and trading on the Euro MTF Market, which is not a regulated market (as defined by Article 1(13) of Directive 93/22/EEC). This listing particulars constitutes a prospectus for purposes of the Luxembourg law dated July 10, 2005 on prospectuses for securities as amended. This listing particulars shall only be used for the purposes for which it has been published

This listing particulars includes additional information on the terms of the Notes, including redemption and repurchase prices, covenants and transfer restrictions.

<http://www.oblible.com>

**Issue price for the Senior Secured Notes: 100.000% plus accrued interest from the Issue Date.**

**Issue price for the Dollar Senior Notes: 100.000% plus accrued interest from the Issue Date.**

**Issue price for the Euro Senior Notes: 100.000% plus accrued interest from the Issue Date.**

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*Joint Physical Bookrunners*

**Deutsche Bank**

**Barclays**

**BNP PARIBAS**

**Credit Suisse**

**HSBC**

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The date of this listing particulars is January 28, 2015.

**You should rely only on the information contained in this listing particulars. Neither the Issuers nor any of the Initial Purchasers has authorized anyone to provide you with different information. Neither the Issuers nor any of the Initial Purchasers is making an offer of the Notes in any jurisdiction where this offer is not permitted. You should not assume that the information contained in this listing particulars is accurate at any date other than the date on the front of this listing particulars.**

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

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

This listing particulars does not offer to sell or solicit offers to buy any of the securities in any jurisdiction where it is unlawful, where the person making the offer is not qualified to do so, or to any person who cannot legally be offered the securities.

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

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The Issuers and the Initial Purchasers are offering to sell the Notes only in places where offers and sales are permitted. The Issuers are offering the Notes in reliance on exemptions from the registration requirements of the U.S. Securities Act. These exemptions apply to offers and sales of securities that do not involve a public offering. The Notes have not been registered with, recommended by or approved by the U.S. Securities and Exchange Commission (the “SEC”) or any other securities commission or regulatory authority, nor has the SEC or any such securities commission or authority passed upon the accuracy or adequacy of this listing particulars. Any representation to the contrary is a criminal offense in the United States.

This listing particulars is being provided for informational use solely in connection with consideration of a purchase of the Notes (i) to U.S. investors that we reasonably believe to be qualified institutional buyers as defined in Rule 144A under the U.S. Securities Act, and (ii) to certain persons in offshore transactions complying with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act. The use of this listing particulars for any other purpose is not authorized.

This listing particulars is for distribution only to persons who (i) are investment professionals, as such term is defined in Article 19(1) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “**Financial Promotion Order**”), (ii) are persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations, etc.”) of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (“**FSMA**”)) in connection with the issue or sale of any Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). This listing particulars is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this listing particulars relates is available only to relevant persons and will be engaged in only with relevant persons.

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

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

We have prepared this listing particulars solely for use in connection with this offering and for applying to the Luxembourg Stock Exchange for the Notes to be listed on its Official List and for trading on the Euro MTF Market of the Luxembourg Stock Exchange.

You are not to construe the contents of this listing particulars as investment, legal or tax advice. You should consult your own counsel, accountant and other advisers as to legal, tax, business, financial and related aspects of a purchase of the Notes. You are responsible for making your own examination of us and your own assessment of the merits and risks of investing in the Notes. We are not, and the Initial Purchasers are not, making any representations to you regarding the legality of an investment in the Notes by you.

The information contained in this listing particulars has been furnished by us and other sources we believe to be reliable. No representation or warranty, express or implied, is made by the Initial Purchasers as to the accuracy or completeness of any of the information set out in this listing particulars, and nothing contained in this listing particulars is or shall be relied upon as a promise or representation by the Initial Purchasers, whether as to the past or the future. This listing particulars contains summaries, believed to be accurate, of some of the terms of specified documents, but reference is made to the actual documents, copies of which will be made available by us upon request, for the complete information contained in those documents. Copies of such documents and other information relating to the issuance of the Notes will also be available for inspection at the specified offices of the Luxembourg paying agent. All summaries of the documents contained herein are qualified in their entirety by this reference. You agree to the foregoing by accepting this listing particulars.

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

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

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

This listing particulars does not constitute an offer to sell or an invitation to subscribe for or purchase any of the Notes in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. You must comply with all laws that apply to you in any place in which you buy, offer or sell any Notes or possess this listing particulars. You must also obtain any consents or approvals that you need in order to purchase any Notes. The Issuers and the Initial Purchasers are not responsible for your compliance with these legal requirements. You may be required to bear the financial risks of investing in the Notes for an indefinite period of time.

## STABILIZATION

IN CONNECTION WITH THIS OFFERING, DEUTSCHE BANK SECURITIES INC. WITH RESPECT TO THE DOLLAR SENIOR NOTES AND DEUTSCHE BANK AG, LONDON BRANCH WITH RESPECT TO THE SENIOR SECURED NOTES AND THE EURO SENIOR NOTES (EACH A “**STABILIZING MANAGER**” AND TOGETHER THE “**STABILIZING MANAGERS**”) (OR PERSONS ACTING ON BEHALF OF A STABILIZING MANAGER) MAY OVER ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZING MANAGERS (OR PERSONS ACTING ON BEHALF OF A STABILIZING MANAGER) WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES.

The Notes are initially available in book-entry form only. The Notes are represented by one or more global notes, which were delivered through DTC, Euroclear and Clearstream (together, the “**Clearing Systems**” and each a “**Clearing System**”), as applicable.

The Notes offered and sold in the United States to QIBs (as defined in Rule 144A) in reliance upon Rule 144A will be represented by beneficial interests in one or more permanent global notes in fully registered form without interest coupons. The Notes offered and sold outside the United States to non-U.S. persons (as defined in Regulation S) pursuant to Regulation S are initially represented by beneficial interests in one or more temporary global notes in registered global form. Interests in the temporary Regulation S global notes will be exchangeable for interests in one or more corresponding permanent Regulation S global notes in registered global form not earlier than the later of (i) the “distribution compliance period” as defined in Regulation S and (ii) the first day on which certification of non-U.S. ownership is provided to the Trustee as described under “Book-Entry, Settlement and Clearance—Transfers.”

#### **NOTICE TO NEW HAMPSHIRE RESIDENTS**

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

#### **NOTICE TO U.S. INVESTORS**

Each purchaser of Notes will be deemed to have made the representations, warranties and acknowledgements that are described in this listing particulars under “*Transfer Restrictions*.” The Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and are subject to certain restrictions on transfer and resale. Prospective purchasers are hereby notified that the seller of any New Note may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. For a description of certain further restrictions on resale or transfer of the Notes, see “*Transfer Restrictions*.” The Notes may not be offered to the public within any jurisdiction. By accepting delivery of this listing particulars, you agree not to offer, sell, resell, transfer or deliver, directly or indirectly, any New Note to the public.

#### **NOTICE TO EUROPEAN ECONOMIC AREA INVESTORS**

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

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Initial Purchaser or Initial Purchasers nominated by the Issuers for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive; provided that no such offer of the Notes shall require the publication by the Issuers or any Initial Purchaser of a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive other than in reliance of Article 3(2)(b).

For the purposes of this provision, the expression an “offer of notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to

purchase or subscribe the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, the expression “Prospectus Directive” means Directive 2003/71/EC) (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

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

## NOTICE TO CERTAIN EUROPEAN INVESTORS

**United Kingdom** This listing particulars is directed solely at persons who (i) are outside the United Kingdom, (ii) are investment professionals, as such term is defined in Article 19(5) of the Financial Promotion Order (iii) are persons falling within Article 49(2)(a) to (d) of the Financial Promotion Order, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with the issue or sale of any notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). This listing particulars must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this listing particulars relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on this listing particulars or any of its contents.

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

**Switzerland** The Notes offered hereby are being offered in Switzerland on the basis of a private placement only. This listing particulars does not constitute a prospectus within the meaning of Art. 652A of the Swiss Federal Code of Obligations.

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

**Grand Duchy of Luxembourg** The terms and conditions relating to this listing particulars have not been approved by and will not be submitted for approval to the Luxembourg Financial Services Authority (*Commission de Surveillance du Secteur Financier*) for purposes of a public offering or sale in the Grand Duchy of Luxembourg (“Luxembourg”). Accordingly, the Notes may not be offered or sold to the public in Luxembourg, directly or indirectly, and neither this listing particulars nor any other circular, prospectus, form of application, advertisement or other material may be distributed, or otherwise made available in or from, or published in, Luxembourg except for the sole purpose of the admission to trading and listing of the Notes on the Official List of the Luxembourg Stock Exchange and except in circumstances which do not constitute a public offer of securities to the public, subject to prospectus requirements, in accordance with the Luxembourg Act of July 10, 2005 on prospectuses for securities (the “Prospectus Act”) and implementing the Prospectus Directive, consequently, this listing particulars, any other offering circular, prospectus, form of application, advertisement

or other material may only be distributed to (i) Luxembourg qualified investors as defined in the Prospectus Act and (ii) no more than 149 prospective investors, which are not qualified investors.

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

**Germany** The Notes may be offered and sold in Germany only in compliance with the German Securities Prospectus Act (*Wertpapierprospektgesetz*) as amended, the Commission Regulation (EC) No 809/2004 of April 29, 2004 as amended, or any other laws applicable in Germany governing the issue, offering and sale of securities. The listing particulars has not been approved under the German Securities Prospectus Act (*Wertpapierprospektgesetz*) or the Directive 2003/71/EC and accordingly the Notes may not be offered publicly in Germany.

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

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

**THIS LISTING PARTICULARS CONTAINS IMPORTANT INFORMATION THAT YOU SHOULD READ BEFORE YOU MAKE ANY DECISION WITH RESPECT TO AN INVESTMENT IN THE NOTES.**



## CURRENCY PRESENTATION AND DEFINITIONS

In this listing particulars: (i) £, sterling, or pound sterling refer to the lawful currency of the United Kingdom, (ii) “euro,” “Euro” or “€” are to the single currency of the participating member states (“**Member States**”) of the EU participation in the third stage of economic and monetary union pursuant to the Treaty on the Functioning of the EU, as amended or supplemented from time to time, and (iii) “U.S. dollars,” “US\$” and “\$” refer to the lawful currency of the United States. Virgin Media’s consolidated financial results are reported in pounds sterling. Unless otherwise indicated, convenience translations into pound sterling or any other currency have been calculated at September 30, 2014 using end of day rates.

### Definitions

As used in this listing particulars:

“2015 Liberty Global Allocation Methodology” has the meaning ascribed to it under “*Certain Relationships and Related Party Transactions*”.

“2019 VM Dollar Senior Notes” refers to Virgin Media Finance’s \$600 million aggregate original principal amount of 8.375% senior notes due 2019, all of which have been redeemed pursuant to the October 2014 Refinancing.

“2019 VM Senior Notes” refers collectively to the 2019 VM Dollar Senior Notes and the 2019 VM Sterling Senior Notes.

“2019 VM Sterling Senior Notes” refers to Virgin Media Finance’s £350 million aggregate original principal amount of 8.875% senior notes due 2019, all of which have been redeemed pursuant to the October 2014 Refinancing.

“2022 VM 4.875% Dollar Senior Notes” refers to the Senior Notes Issuer’s \$900 million aggregate original principal amount of 4.875% senior notes due 2022.

“2022 VM 5.25 % Dollar Senior Notes” refers to the Senior Notes Issuer’s \$500 million aggregate original principal amount of 5.25% senior notes due 2022.

“2022 VM Senior Notes” refers collectively to the 2022 VM 5.25% Dollar Senior Notes, the 2022 VM 4.875% Dollar Senior Notes and the 2022 VM Sterling Senior Notes.

“2022 VM Sterling Senior Notes” refers to the Senior Notes Issuer’s £400 million aggregate original principal amount of 5.125% senior notes due 2022.

“2023 VM Dollar Senior Notes” refers to the Senior Notes Issuer’s \$530 million aggregate original principal amount of 6.375% senior notes due 2023.

“2023 VM Senior Notes” refers collectively to the 2023 VM Dollar Senior Notes and the 2023 VM Sterling Senior Notes.

“2023 VM Sterling Senior Notes” refers to the Senior Notes Issuer’s £250 million aggregate original principal amount of 7.00% senior notes due 2023.

“2024 VM Dollar Senior Notes” refers to the Senior Notes Issuer’s \$500 million aggregate principal amount of its 6.00% Senior Secured Notes due 2024.

“2024 VM Senior Notes” collectively refers to the 2024 VM Dollar Senior Notes and the 2024 VM Sterling Senior Notes.

“2024 VM Sterling Senior Notes” refers to refers to the Senior Notes Issuer’s £300 million aggregate principal amount of its 6.375% Senior Secured Notes due 2024.

“2025 VM Dollar Senior Secured Notes” refers to the Senior Secured Notes Issuer’s \$425 million aggregate principal amount of its 5.5% Senior Secured Notes due 2025.

“2025 VM Sterling Senior Secured Notes” refers to the Senior Secured Notes Issuer’s £430 million aggregate principal amount of its 5.5% Senior Secured Notes due 2025.

“2025 VM Senior Secured Notes” collectively refers to the 2025 VM Dollar Senior Secured Notes and the 2025 VM Sterling Senior Secured Notes.

“2029 VM Sterling Senior Secured Notes” refer to the Senior Secured Notes Issuer’s £400 million aggregate principal amount of its 6.25% Senior Secured Notes due 2029.

“April 2021 VM Dollar Senior Secured Notes” refers to the Senior Secured Notes Issuer’s \$1 billion aggregate original principal amount of 5.375 % senior secured notes due 2021.

“April 2021 VM Senior Secured Notes” refers collectively to the April 2021 VM Dollar Senior Secured Notes and the April 2021 VM Sterling Senior Secured Notes.

“April 2021 VM Sterling Senior Secured Notes” refers to the Senior Secured Notes Issuer’s £1.1 billion aggregate original principal amount of 6.00% senior secured notes due 2021.

“Code” refers to the United States Internal Revenue Code of 1986, as amended.

“Collateral” has the meaning ascribed to it under “*Summary—Summary of the Notes—Security*”.

“December 31, 2013 Consolidated Financial Statements” refers to Virgin Media’s audited consolidated financial statements as of December 31, 2013 and 2012 and for the years ended December 31, 2013, 2012 and 2011 and the notes thereto included in this listing particulars.

“December 2014 Intra-group Reorganization” has the meaning ascribed to it under “*Summary—Recent Developments—December 2014 Intra-group Reorganization*”.

“Dollar Initial Purchasers” refers to Deutsche Bank Securities Inc., Barclays Bank PLC, BNP PARIBAS, Credit Suisse Securities (Europe) Limited and HSBC Bank plc.

“Dollar Senior Notes” refers to the \$400 million aggregate principal amount of 5<sup>3</sup>/<sub>4</sub>% Senior Notes due 2025 offered hereby.

“EE” refers to EE Limited (formerly known as Everything Everywhere Limited).

“Euro Initial Purchasers” refers to Deutsche Bank AG, London Branch, Barclays Bank PLC, BNP PARIBAS, Credit Suisse Securities (Europe) Limited and HSBC Bank plc.

“Euro Senior Notes” refers to the €460 million aggregate principal amount of 4<sup>1</sup>/<sub>2</sub>% Senior Notes due 2025 offered hereby.

“Exchange Act” refers to the U.S. Securities Exchange Act of 1934.

“Existing Notes” refers collectively to the Existing Senior Notes and the Existing Senior Secured Notes.

“Existing Senior Notes” refers collectively to the 2022 VM Senior Notes, the 2023 VM Senior Notes and the 2024 VM Senior Notes.

“Existing Senior Secured Notes” refers collectively to the January 2021 VM Senior Secured Notes, the April 2021 VM Senior Secured Notes, the 2025 VM Senior Secured Notes and the 2029 VM Sterling Senior Secured Notes.

“Group Intercreditor Deed” refers to the Group Intercreditor Deed originally entered into on March 3, 2006, among Deutsche Bank AG, London Branch as Facility Agent and Security Trustee, the Original Borrowers, the Original Guarantors, the Senior Lenders, the Lessors, the Lessees, the Hedge Counterparties, the Lessor’s Agent, the Intergroup Debtors and the Intergroup Creditors (each as defined therein), as the same may be amended, modified, supplemented, extended or replaced from time to time.

“Guarantees” collectively refers to the Senior Secured Notes Guarantees and the Senior Notes Guarantees.

“Guarantors” collectively refers to the Senior Secured Notes Guarantors and the Senior Notes Guarantors.

“High Yield Intercreditor Deed” refers to the High Yield Intercreditor Deed originally entered into on April 13, 2004 among Virgin Media Finance, VMIH, Credit Suisse First Boston, The Bank of New York and the senior lenders party thereto, as the same may be amended, modified, supplemented, extended or replaced from time to time, in each case in accordance with the terms of the Indenture.

“Indentures” collectively refers to the Senior Notes Indenture and the Senior Secured Notes Indenture and “Indenture” refers to each of them.

“Initial Purchasers” refers to the Dollar Initial Purchasers, the Euro Initial Purchasers and the Sterling Initial Purchasers.

“Issue Date” refers to the date of issuance of the Notes.

“Issuers” collectively refers to the Senior Secured Notes Issuer and the Senior Notes Issuer and “Issuer” refers to each of them.

“January 2021 VM Dollar Senior Secured Notes” refers to the Issuer’s \$500 million aggregate original principal amount of 5.25% senior secured notes due 2021.

“January 2021 VM Senior Secured Notes” refers collectively to the January 2021 VM Dollar Senior Secured Notes and the January 2021 VM Sterling Senior Secured Notes.

“January 2021 VM Sterling Senior Secured Notes” refers to the Issuer’s £650 million aggregate original principal amount of 5.50% senior secured notes due 2021.

“LGI” refers to Liberty Global, Inc.

“LG/VM Transaction” refers to the series of transactions including, without limitation, the mergers and capital contributions involving Old Virgin Media and one or more direct or indirect subsidiaries of LGI pursuant to a merger agreement dated as of February 5, 2013 that resulted in the surviving corporations in the mergers (renamed LGI and Virgin Media Inc.) becoming wholly-owned subsidiaries of Liberty Global.

“Liberty Global” refers to Liberty Global plc, with or without its consolidated subsidiaries, as the context requires.

“Notes” refers to the Senior Secured Notes and the Senior Notes.

“October 2014 Refinancing” has the meaning ascribed to it under “*Summary—Recent Developments—October 2014 Refinancing*”.

“Old Virgin Media” refers to the entity formerly known as Virgin Media Inc. and subsequently merged into Virgin Media as part of the LG/VM Transaction.

“Parent Guarantors” collectively refers to the Senior Secured Notes Parent Guarantors and the Senior Notes Parent Guarantors”.

“Security Documents” refers to the mortgages, deeds of trust, deeds to secure debt, security agreements, security trust agreements, pledge agreements, agency agreements and other instruments and documents executed and delivered pursuant to the Indenture or any of the foregoing, as the same may be amended, supplemented or otherwise modified from time to time and pursuant to which Collateral is pledged, assigned or granted to or on behalf of the security trustee for the ratable benefit of the holders of the Notes and the trustee or notice of such pledge, assignment or grant is given.

“Senior Notes” refers to the Dollar Senior Notes and the Euro Senior Notes.

“Senior Notes Guarantees” collectively refers to the guarantees of the Senior Notes by the Senior Notes Guarantors.

“Senior Notes Guarantors” refers to the Senior Notes Parent Guarantors and the Senior Notes Subsidiary Guarantors.

“Senior Notes Indenture” refers to the indenture to be dated on or about the Issue Date governing the Senior Notes, by and among, among others, the Senior Notes Issuer, the Senior Notes Guarantors and the Trustee.

“Senior Notes Issuer” refers to Virgin Media Finance PLC.

“Senior Notes Parent Guarantors” has the meaning ascribed to it under “*Summary—Summary of the Notes—Guarantees—Senior Notes*”.

“Senior Notes Subsidiary Guarantors” the meaning ascribed to it under “*Summary—Summary of the Notes—Guarantees—Senior Notes*”.

“Senior Secured Notes” refers to the £300 million aggregate principal amount of 5 1/8% Senior Secured Notes due 2025 offered hereby.

“Senior Secured Notes Guarantees” collectively refers to the guarantees of the Senior Secured Notes by the Senior Secured Notes Guarantors.

“Senior Secured Notes Guarantors” refers to the Senior Secured Notes Parent Guarantors and the Senior Secured Notes Subsidiary Guarantors.

“Senior Secured Notes Indenture” refers to the indenture to be dated on or about the Issue Date governing the Senior Secured Notes, by and among, among others, the Senior Secured Notes Issuer, the Guarantors and the Trustee.

“Senior Secured Notes Issuer” refers to Virgin Media Secured Finance PLC.

“Senior Secured Notes Parent Guarantors” has the meaning ascribed to it under *Summary—Summary of the Notes—Guarantees—Senior Secured Notes*.

“Senior Secured Notes Subsidiary Guarantors” the meaning ascribed to it under “*Summary—Summary of the Notes—Guarantees—Senior Secured Notes*”.

“September 30, 2014 Condensed Consolidated Financial Statements” refers to the unaudited condensed consolidated financial statements of Virgin Media as of September 30, 2014 and December 31, 2013 and for the three and nine months ended September 30, 2014 and 2013 and the notes thereto included in this listing particulars.

“Special Optional Redemption” has the meaning ascribed to it under “*Summary—Summary of the Notes—Special Optional Redemption*”.

“Sterling Initial Purchasers” refers to Deutsche Bank AG, London Branch, Barclays Bank PLC, BNP PARIBAS, Credit Suisse Securities (Europe) Limited and HSBC Bank plc.

“Subsidiary Guarantors” refers to the Senior Secured Notes Subsidiary Guarantors and the Senior Notes Subsidiary Guarantors.

“Trustee” refers to The Bank of New York Mellon, London Branch, as trustee under the relevant Indenture.

“U.K.” refers to the United Kingdom.

“U.S.” or “United States” refers to the United States of America.

“U.S. Securities Act” refers to the U.S. Securities Act of 1933.

“UPC Ireland” refers to UPC Broadband Ireland Ltd. and its successors, with or without its consolidated subsidiaries, as the context requires.

“UPC Ireland Acquisition” has the meaning ascribed to it under “*Summary—Proposed UPC Ireland Acquisition*”.

“UPC Ireland Group” refers collectively to UPC Ireland and its subsidiaries.

“Virgin Media” refers to (i) prior to the consummation of the LG/VM Transaction, Old Virgin Media and (ii) following consummation of the LG/VM Transaction, Virgin Media Inc. (formerly known as Viper US MergerCo 1, Inc.), an indirect parent company of the Issuers, together with its successors (by merger, consolidation, transfer, conversion of legal form or otherwise).

“Virgin Media Group” refers to Virgin Media and its subsidiaries.

“Virgin Media Communications” refers to Virgin Media Communications Limited, a company incorporated under the laws of England and Wales, together with its successors (by merger, consolidation, transfer, conversion of legal form or otherwise).

“VM Convertible Notes” refers to the 6½% U.S. dollar convertible senior notes due 2016, with an aggregate principal amount outstanding of \$54.8 million (£33.8 million equivalent) as of September 30, 2014.

“VM Credit Facility” refers to the senior facility agreement dated as of June 7, 2013, between, among others, VMIH and certain financial institutions as lenders thereunder, as amended or supplemented from time to time, as described under “*Description of Other Debt—The VM Credit Facility.*”

“Virgin Media Finance” refers to Virgin Media Finance PLC, a public limited company incorporated under the laws of England and Wales, together with its successors.

“VMIH” refers to Virgin Media Investment Holdings Limited, a direct wholly-owned subsidiary of the Senior Notes Issuer, together with its successors.

“VMIL” refers to Virgin Media Investments Limited, a direct wholly-owned subsidiary of VMIH, together with its successors.

In this listing particulars, the terms “we,” “our,” “our company,” and “us” may refer, as the context requires, to Virgin Media (or Old Virgin Media) or collectively to Virgin Media (or Old Virgin Media) and its subsidiaries.

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

## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

### Financial Information

This listing particulars includes financial data from both the September 30, 2014 Condensed Consolidated Financial Statements and December 31, 2013 Consolidated Financial Statements. Unless otherwise indicated, the historical consolidated financial information presented herein of Virgin Media and its subsidiaries has been prepared in compliance with accounting principles generally accepted in the United States (“U.S. GAAP”). The historical consolidated results of Virgin Media are not necessarily indicative of the consolidated results that may be expected for any future period.

The comparability of Virgin Media’s consolidated operating results for the periods presented in this listing particulars is affected by the LG/VM Transaction, pursuant to which (i) Virgin Media became a wholly-owned subsidiary of Liberty Global as a result of a series of mergers and (ii) Liberty Global became the publicly-held parent company of the successors by merger of Old Virgin Media and LGI. In this listing particulars, the terms “we,” “our,” “our company,” and “us” may refer, as the context requires, to Virgin Media (or Old Virgin Media) or collectively to Virgin Media (or Old Virgin Media) and its subsidiaries.

As a result of Liberty Global’s push-down of its investment basis in Virgin Media arising from the LG/VM Transaction, a new basis of accounting was created on June 7, 2013. In the September 30, 2014 Condensed Consolidated Financial Statements, the December 31, 2013 Consolidated Financial Statements and elsewhere herein, the results of operations and cash flows of Old Virgin Media for the periods ended on or prior to June 7, 2013, and the financial position of Old Virgin Media as of balance sheet dates prior to June 7, 2013, are referred to as “Predecessor” consolidated financial information and the results of operations and cash flows of Virgin Media for periods beginning on or after June 8, 2013 and the financial position of Virgin Media as of June 7, 2013 and subsequent balance sheet dates are referred to herein as “Successor” consolidated financial information.

The Predecessor and Successor consolidated financial information presented herein is not comparable primarily due to the fact that the Successor consolidated financial information reflects:

- the application of acquisition accounting as of June 7, 2013, of which the most significant implications are (i) increased depreciation expense, (ii) increased amortization expense and (iii) increased share-based compensation expense;
- conforming accounting policy changes, primarily to align to Liberty Global’s accounting policy for the recognition of installation fees received on business-to-business, or B2B, contracts, as further described in note 1 to the December 31, 2013 Consolidated Financial Statements included in this listing particulars; and
- additional interest expense associated with debt financing arrangements entered into in connection with the LG/VM Transaction and subsequently pushed down to Virgin Media’s consolidated balance sheet.

For additional information regarding the differences between the Predecessor and Successor consolidated financial information, see the notes to the December 31, 2013 Consolidated Financial Statements. For information regarding certain prior period reclassifications and a retrospective restatement, see note 2 to the December 31, 2013 Consolidated Financial Statements included in this listing particulars.

In order to provide a more meaningful basis for comparing the results of operations for the nine months ended September 30, 2014 and the year ended December 31, 2013 to the corresponding prior year periods, we have presented financial information for the nine months ended September 30, 2013 and the year ended December 31, 2013 that reflects the combination of the results for the 2013 Predecessor and Successor periods in “*Summary Financial and Operating Data*”, “*Selected Consolidated and Operating Data*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and elsewhere herein. The combination of Predecessor and Successor periods is not permitted by U.S. GAAP and has not been prepared with a view towards complying with Article 11 of Regulation S-X.

On July 12, 2010, Virgin Media completed the sale of our television channel business known as Virgin Media TV. Virgin Media TV’s operations comprised its former Content segment. The December 31, 2013 Consolidated Financial Statements reflect Virgin Media TV as a discontinued operation.

Virgin Media’s consolidated financial results are reported in pound sterling. Unless otherwise indicated, convenience translations into pound sterling have been calculated at the September 30, 2014 rates.

## **Other Financial Measures**

In this listing particulars, we present operating cash flow, or OCF, which is not required by, or presented in accordance with GAAP. OCF is the primary measure used by our management to evaluate the company's performance. OCF is also a key factor that is used by our internal decision makers to evaluate the effectiveness of our management for purposes of annual and other incentive compensation plans. As we use the term, OCF is revenue less operating and selling, general and administrative expenses (excluding share-based compensation, depreciation and amortization and impairment, restructuring and other operating items). Other operating items include (i) gains and losses on the disposition of long-lived assets, (ii) third-party costs directly associated with successful and unsuccessful acquisitions and dispositions, including legal, advisory and due diligence fees, as applicable, and (iii) other acquisition-related items, such as gains and losses on the settlement of contingent consideration. Our internal decision makers believe OCF is a meaningful measure and is superior to available GAAP measures because it represents a transparent view of our recurring operating performance that is unaffected by our capital structure and allows management to readily view operating trends and identify strategies to improve operating performance. We believe our OCF measure is useful to investors because it is one of the bases for comparing our performance with the performance of other companies in the same or similar industries, although our measure may not be directly comparable to similar measures used by other companies. OCF should be viewed as a measure of operating performance that is a supplement to, and not a substitute for, operating income (loss), net earnings (loss), cash flow from operating activities and other GAAP measures of income or cash flows. We provide a reconciliation of OCF to operating income in this listing particulars. See *"Summary Financial and Operating Data."*

## **Subscriber Data**

Each subscriber is counted as a revenue generating unit ("**RGU**") for each broadband communication service subscribed. Thus, a subscriber who receives digital cable television, broadband internet and fixed-line telephony services from us (regardless of their number of telephony access lines) would be counted as three RGUs. Mobile subscribers are counted based on the number of subscriber identification module ("**SIM**") cards in service. The subscriber data included in this listing particulars, including penetration rates and average monthly subscription revenue earned per average RGU ("**ARPU**"), are determined by management, are not part of Virgin Media's financial statements and have not been audited or otherwise reviewed by an outside auditor, consultant or expert or by any of the Initial Purchasers.

## **Third-Party Information**

The information provided in this listing particulars on the market environment, market developments, growth rates, market trends and on the competitive situation in the markets and segments in which we operate are based (to the extent not otherwise indicated) on third-party data, statistical information and reports as well as our own internal estimates.

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

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

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

## EXCHANGE RATE INFORMATION

The following table sets forth, for the periods indicated, the period end, average, high and low exchange rates, as published by Bloomberg, of U.S. dollars expressed as pound sterling. The rates below may differ from the actual rates used in the preparation of our consolidated financial statements and other financial information appearing in this listing particulars. Our inclusion of the exchange rates is not meant to suggest that the pound sterling amounts actually represent such U.S. dollar amounts or that such amounts could have been converted into U.S. dollars at any particular rate, if at all.

<u>Year ended December 31,</u>	<u>Exchange rate at end of period</u>	<u>Average exchange rate during period (1)</u>	<u>Highest exchange rate during period</u>	<u>Lowest exchange rate during period</u>
		(U.S. dollars per pound sterling)		
2009 .....	1.6148	1.5659	1.7017	1.3703
2010 .....	1.5591	1.5457	1.6377	1.4324
2011 .....	1.5509	1.6038	1.6694	1.5390
2012 .....	1.6189	1.5852	1.6276	1.5295
2013 .....	1.6567	1.5644	1.6566	1.4858
2014 .....	1.5581	1.6474	1.7165	1.5515
<u>Month and Year</u>	<u>Exchange rate at end of period</u>	<u>Average exchange rate during period (1)</u>	<u>Highest exchange rate during period</u>	<u>Lowest exchange rate during period</u>
		(U.S. dollars per pound sterling)		
January 2015 (through January 9, 2015) .....	1.5142	1.5240	1.5579	1.5088

(1) The average of the exchange rates on the last business day of each month during the applicable period.

On January 9, 2015, the exchange rate was \$1.5142 per £1.00.

Fluctuations in the exchange rate between the pound sterling and the U.S. dollar in the past are not necessarily indicative of fluctuations that may occur in the future.



## FORWARD-LOOKING STATEMENTS

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

By their nature, forward looking statements are subject to numerous assumptions, risks and uncertainties. Many of these assumptions, risks and uncertainties are beyond our control. Accordingly, actual results may differ materially from those expressed or implied by the forward looking statements. Such forward looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we operate. We caution readers not to place undue reliance on these statements, which speak only as of the date of this listing particulars, and we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based.

Where, in any forward looking statement, we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished.

Risks and uncertainties that could cause actual results to vary materially from those anticipated in the forward looking statements included in this listing particulars include those described under “*Risk Factors*.”

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

- economic and business conditions and industry trends in the markets in which we operate;
- the competitive environment in the cable television, broadband and telecommunications industries in the U.K., including competitor responses to our products and services;
- fluctuations in currency exchange rates and interest rates;
- instability in global financial markets, including sovereign debt issues in the EU and related fiscal reforms;
- consumer disposable income and spending levels, including the availability and amount of individual consumer debt;
- changes in consumer television viewing preferences and habits;
- consumer acceptance of our existing service offerings, including our digital cable, broadband internet, fixed-line telephony, mobile and B2B service offerings, and of new technology, programming alternatives and other products and services that we may offer in the future;
- our ability to manage rapid technological changes;
- our ability to maintain or increase the number of subscriptions to our digital cable, broadband internet, fixed-line telephony and mobile service offerings and our average revenue per household;
- our ability to provide satisfactory customer service, including support for new and evolving products and services;
- our ability to maintain or increase rates to our subscribers or to pass through increased costs to our subscribers;
- the impact of our future financial performance, or market conditions generally, on the availability, terms and deployment of capital;
- changes in, or failure or inability to comply with, government regulations in the markets in which we operate and adverse outcomes from regulatory proceedings;

- government intervention that impairs our competitive position, including any intervention that would open our broadband distribution networks to competitors and any adverse change in our accreditations or licenses;
- changes in laws or treaties relating to taxation, or the interpretation thereof, in the markets in which we operate;
- changes in laws and government regulations that may impact the availability and cost of credit and the derivative instruments that hedge certain of our financial risks;
- the ability of suppliers and vendors to timely deliver quality products, equipment, software and services;
- the availability of attractive programming for our digital cable services and the costs associated with such programming;
- uncertainties inherent in the development and integration of new business lines and business strategies;
- our ability to adequately forecast and plan future network requirements;
- the availability of capital for the acquisition and/or development of telecommunications networks and services;
- our ability to successfully integrate and realize anticipated efficiencies from the LG/VM Transaction, the UPC Ireland Acquisition and from other businesses we may acquire;
- leakage of sensitive customer data;
- the outcome of any pending or threatened litigation;
- the loss of key employees and the availability of qualified personnel;
- changes in the nature of key strategic relationships with partners and joint venturers;
- adverse changes in public perception of the “Virgin” brand, which we and others license from Virgin Group Limited, and any resulting impacts on the goodwill of customers toward us; and
- events that are outside of our control, such as political unrest in international markets, terrorist attacks, malicious human acts, natural disasters, pandemics and other similar events.

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

We undertake no obligation to review or confirm analysts’ expectations or estimates or to release publicly any revisions to any forward looking statements to reflect events or circumstances after the date of this listing particulars.

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

## AVAILABLE INFORMATION

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

The Issuers are not currently subject to the periodic reporting and other information requirements of the Exchange Act. However, pursuant to the Indentures and so long as the Notes are outstanding, the Issuers will furnish periodic information to holders of the Notes. See “*Description of the Senior Secured Notes*” and “*Description of the Senior Notes.*”

## SUMMARY

*This summary highlights information contained elsewhere in this listing particulars. Because it is a summary, it does not contain all of the information that you should consider before investing in our securities. You should read carefully this entire listing particulars to understand our business, the nature and terms of the Notes and the tax and other considerations that are important to your decision to invest in the Notes, including the financial statements and related notes to those financial statements and the risks and uncertainties discussed under the captions “Risk Factors,” “Selected Consolidated Financial and Operating Data,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and “Business.” In this listing particulars, references to the “company,” the “group,” “we,” “us” and “our,” and all similar references, are to Virgin Media and all of its consolidated subsidiaries, unless otherwise stated or the context otherwise requires.*

### **Our Business**

We are a subsidiary of Liberty Global that provides digital cable, broadband internet, fixed-line telephony and mobile services in the U.K. to both residential and business-to-business, or B2B, customers. We are one of the U.K.’s largest providers of residential digital cable, broadband internet and fixed-line telephony services by the number of customers. We believe our advanced, deep-fiber cable access network enables us to offer faster and higher quality broadband services than our digital subscriber line, or DSL, competitors. As a result, we provide our customers with a leading, next-generation broadband service and one of the most advanced TV on-demand services available in the U.K. market. As of September 30, 2014, we provided cable broadband services to over 4.9 million residential customers and approximately 12.4 million RGUs. We have the highest triple play penetration and we believe an industry leading monthly subscription revenue earned per average customer in the U.K. We provide mobile services to our customers using a third-party network through a mobile virtual network operator, or MVNO, arrangement. As of September 30, 2014, we provided mobile telephony services to approximately 3.1 million mobile telephony customers.

We generated revenue of £3,145.0 million and operating cash flow, or OCF, of £1,357.2 million for the nine months ended September 30, 2014. For our definition of OCF and a reconciliation to operating income, see “*Presentation of Financial and Other Information—Other Financial Measures*” and “*Summary Financial and Operating Data—Virgin Media Summary Operating Data*” in this listing particulars.

For further information regarding our business and the services we provide to our customers see “*Business*” in this listing particulars.

The Issuers are public limited companies organized under the laws of England and Wales. Our group’s principal offices are located at Media House, Bartley Wood Business Park, Bartley Way, Hook, Hampshire, RG27 9UP, United Kingdom.

### **Our Strategy**

Our long-term strategy is to increase our revenue and OCF by growing our subscriber base and average total revenue per customer by offering innovative multimedia entertainment bundles and information and communication services. We believe that our quadruple play offering of digital cable, high speed broadband access and fixed-line and mobile telephony will continue to prove attractive to existing and potential customers. We also intend to attract new customers away from our competitors based on our service quality, strong brand loyalty and continued product differentiation, which we are able to offer through the higher speeds of our internet service and advanced video platform. Our B2B operations underwent significant change in 2013 with a new leadership team, expanded sales force and a new product capability offering more converged solutions. We believe that these factors, combined with increased brand awareness, will benefit our financial performance in future periods. In addition, we continue to examine and pursue opportunities to improve the efficiency of our business and make strategic investments that will drive future revenue and OCF growth.

### **Recent Developments**

#### ***October 2014 Refinancing***

On October 7, 2014, the Senior Notes Issuer issued the 2024 VM Senior Notes. The net proceeds of the 2024 VM Senior Notes were applied by the Senior Notes Issuer to redeem all of its outstanding 2019 VM Senior Notes on October 24, 2014 in accordance with the indenture governing the 2019 VM Senior Notes (the “**October 2014 Refinancing**”).

### ***December 2014 Intra-group Reorganization***

In December 2014, we completed certain intra-group reorganization transactions (the “**December 2014 Intra-group Reorganization**”), which included the merger of Virgin Media Holdings Inc. into Virgin Media Group LLC, the conversion of Virgin Media (UK) Group Inc. into a limited liability company (Virgin Media (UK) Group LLC) and certain other intra-group share transfers and intercompany consolidations in order to rationalize and simplify our corporate structure. See “*Summary—Corporate Financing and Structure Chart*”.

### **Proposed UPC Ireland Acquisition**

We intend to acquire Liberty Global’s broadband operations in Ireland through the acquisition of all of the outstanding equity interests of UPC Broadband Ireland Ltd. (“**UPC Ireland**”) and its subsidiaries (the “**UPC Ireland Acquisition**”). Following the UPC Ireland Acquisition, if consummated, UPC Ireland and its subsidiaries (the “**UPC Ireland Group**”) will become indirect, wholly-owned subsidiaries of Virgin Media. We currently anticipate that we will consummate the UPC Ireland Acquisition in the first quarter of 2015; however, no assurance can be given that the UPC Ireland Acquisition will be consummated within the anticipated timeframe or at all. The issuance of the Notes is not conditioned on the completion of the UPC Ireland Acquisition.

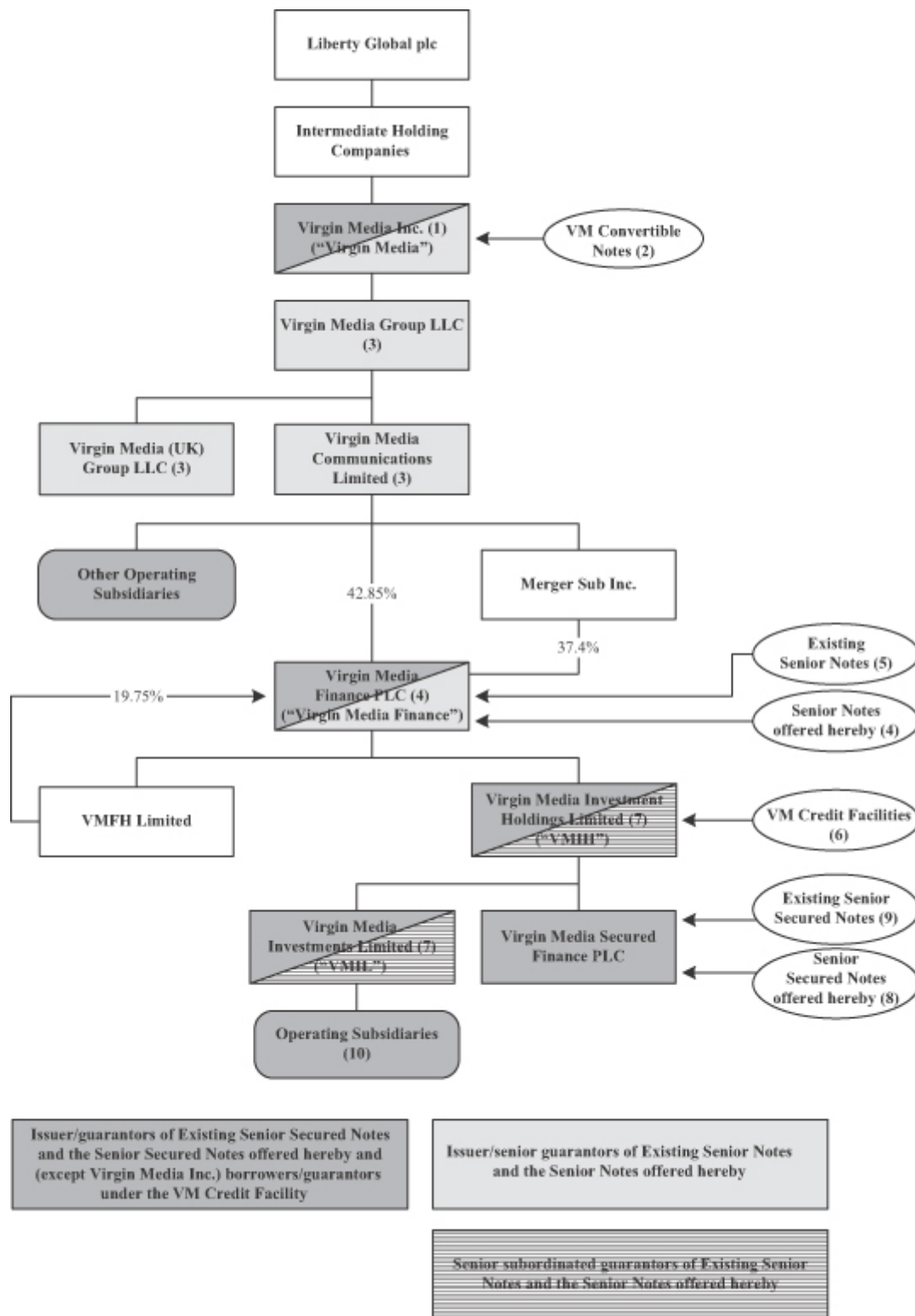
UPC Ireland is an indirect wholly-owned subsidiary of Liberty Global and is the largest cable television operator in Ireland by number of customers. The UPC Ireland Group provides digital cable, broadband internet and fixed-line telephony in five regional clusters in Ireland, including the cities of Dublin, Cork, Galway and Limerick to both residential and B2B customers. As of September 30, 2014, the UPC Ireland Group provided services to an aggregate of 522,100 customers, comprising 1.1 million RGUs (including 409,800 video subscribers, 359,100 broadband internet subscribers and 336,300 fixed-telephony subscribers) across a footprint of 855,300 homes passed. The UPC Ireland Group provides digital and analog cable video services via cable and a Multi-channel Multipoint (microwave) Distribution System (“**MMDS**”). Its cable network is 87% upgraded to two-way capability, with 88% of its cable homes served by a network with a bandwidth of at least 750 Mhz. The UPC Ireland Group makes its digital video, broadband internet and fixed-line telephony services available to 97%, 87%, and 86%, respectively, of its homes passed. Highlights of UPC Ireland Group’s offerings include:

- For digital cable subscribers, different packages starting with a basic package that includes 67 video channels and several radio channels (including the channels in its analog service) and a variety of premium channels, HD programming, a pay-per-view service, an electronic program guide, remote booking and DVR services.
- Horizon TV (Liberty Global’s next generation set-top box platform), which is a family of media products that allows customers to view and share content across their television, computer, tablet and smartphone and includes the Horizon TV app and Horizon TV online service.
- Download speeds of up to 240 Mbps utilizing Euro DOCSIS 3.0 technology.
- Community WiFi network in select markets and plans to activate this network throughout its footprint.
- Digital telephony via VoIP (Voice over Internet Protocol) with multiple value-added features.

The UPC Ireland Group generated revenue of €264.1 million (£214.5 million at the average rate for the period) and €259.6 million (£221.2 million at the average rate for the period) for the nine months ended September 30, 2014 and 2013, respectively, and €349.0 million (£296.4 million at the average rate for the period) for the year ended December 31, 2013. Furthermore, the UPC Ireland Group generated OCF of €124.3 million (£100.9 million at the average rate for the period) and €117.4 million (£100.0 million at the average rate for the period) for the nine months ended September 30, 2014 and 2013, respectively, and €163.8 million (£139.0 million at the average rate for the period) for the year ended December 31, 2013. For our definition of OCF, see “*Presentation of Financial and Other Information—Other Financial Measures*”. In addition, the UPC Ireland Group’s property and equipment additions were €41.1 million (£33.4 million at the average rate for the period) and €40.6 million (£34.6 million at the average rate for the period) for the nine months ended September 30, 2014 and 2013, respectively, and €54.4 million (£46.2 million at the average rate for the period) for the year ended December 31, 2013.

## CORPORATE AND FINANCING STRUCTURE CHART

The following chart sets forth certain aspects of our corporate and financing structure after giving effect to the October 2014 Refinancing, the December 2014 Intra-group Reorganization and the issuance of the Notes offered hereby. Please refer to “Description of Other Debt”, “Description of the Senior Notes” and “Description of the Senior Secured Notes” for more information. This is a condensed chart and does not show all of our operating and holding companies.



- (1) Virgin Media has provided a full and unconditional unsecured guarantee of the Notes on a senior basis, as it provides for the Existing Notes, which is effectively subordinated to any future secured indebtedness of Virgin Media to the extent of the value of the assets securing such secured indebtedness. Virgin Media has no significant assets of its own other than investments in its subsidiaries. Virgin Media is not subject to the restrictive covenants under the Indentures.
- (2) Virgin Media is the issuer of 6.50% U.S. dollar convertible senior notes due 2016, with an aggregate principal amount outstanding of \$54.8 million as of September 30, 2014.
- (3) Virgin Media (UK) Group LLC, Virgin Media Communications and Virgin Media Group LLC provide a senior guarantee of the Existing Senior Notes and provide a senior guarantee of the Senior Notes offered hereby as described under “—*Summary of the Notes—Guarantees—Senior Notes*” and “—*Summary of the Notes—Ranking of the Guarantees—Senior Notes*”.
- (4) The Senior Notes offered hereby are general senior obligations of the Senior Notes Issuer and will rank *pari passu* in right of payment with any existing and future indebtedness of the Senior Notes Issuer that is not subordinated to the Senior Notes (including the Existing Senior Notes) and senior in right of payment to any existing and future subordinated obligations of the Senior Notes Issuer. The Senior Notes are guaranteed by the Senior Notes Guarantors as described under “—*Summary of the Notes—Guarantees—Senior Notes*” and “—*Summary of the Notes—Ranking of the Guarantees—Senior Notes*”. The Senior Notes Issuer is a holding company with no significant assets of its own other than its investments in its subsidiary.
- (5) The Existing Senior Notes comprise (i) \$500 million aggregate original principal amount of 5.25% senior notes due 2022 with an aggregate principal amount outstanding of \$95.0 million as of September 30, 2014, (ii) \$900 million aggregate original principal amount of 4.875% senior notes due 2022 with an aggregate principal amount outstanding of \$118.7 million as of September 30, 2014, (iii) £400 million aggregate original principal amount of 5.125% senior notes due 2022 with an aggregate principal amount outstanding of £44.1 million as of September 30, 2014, (iv) \$530 million aggregate principal amount of 6.375% senior notes due 2023, (v) £250 million aggregate principal amount of 7.00% senior notes due 2023, (vi) \$500 million aggregate principal amount of 6% senior notes due 2024 and (vii) £300 million aggregate principal amount of 6.375% senior notes due 2024. See “*Description of Other Debt—Existing Senior Notes*”.
- (6) The VM Credit Facility has the benefit of a full and unconditional senior secured guarantee from the Senior Notes Issuer as well as guarantees from and first priority pledges of the shares and assets of substantially all of the operating subsidiaries of Virgin Media Communications. See “*Description of Other Debt—The VM Credit Facility*”.
- (7) VMIH and VMIL have guaranteed the Senior Secured Notes on a senior basis and the Senior Notes on a senior subordinated basis as described under “—*Summary of the Notes—Guarantees*” and “—*Summary of the Notes—Ranking of the Guarantees*”.
- (8) The Senior Secured Notes offered hereby will be general senior obligations of the Senior Secured Notes Issuer and will rank *pari passu* in right of payment with any existing and future indebtedness of the Senior Secured Notes Issuer that is not subordinated to the Senior Secured Notes (including the Existing Senior Secured Notes and the VM Credit Facility) and senior in right of payment to any existing and future subordinated obligations of the Senior Secured Notes Issuer. The Senior Secured Notes will be guaranteed by the Senior Secured Notes Guarantors as described under “—*Summary of the Notes—Guarantees—Senior Secured Notes*” and “—*Summary of the Notes—Ranking of the Guarantees—Senior Secured Notes*” and have the benefit of security as described under “—*Summary of the Notes—Security—Senior Secured Notes*”.
- (9) The Existing Senior Secured Notes comprise (i) \$500 million aggregate original principal amount of 5.25% senior secured notes due 2021 with an aggregate principal amount outstanding of \$447.9 million as of September 30, 2014, (ii) £650 million aggregate principal amount of 5.50% senior secured notes due 2021 with an aggregate principal amount outstanding of £628.4 million as of September 30, 2014, (iii) \$1 billion aggregate principal amount of 5.375% senior secured notes due 2021, (iv) £1.1 billion aggregate principal amount of 6.00% senior secured notes due 2021, (v) \$425 million aggregate principal amount of 5.5% senior secured notes due 2025, (vi) £430 million aggregate principal amount of 5.5% senior secured notes due 2025, and (vii) £400 million aggregate principal amount of 6.25% senior secured notes due 2029. See “*Description of Other Debt—Existing Senior Secured Notes*”.
- (10) Following the UPC Ireland Acquisition, if consummated, UPC Ireland is expected to be a wholly-owned subsidiary of VMIL.

## SUMMARY FINANCIAL AND OPERATING DATA

The tables below set out summary financial and operating data of Virgin Media for the indicated periods. The historical consolidated balance sheet and statement of operations data have been derived from the September 30, 2014 Condensed Consolidated Financial Statements and December 31, 2013 Consolidated Financial Statements included elsewhere in this listing particulars. The comparability of Virgin Media's consolidated operating results is affected by the June 7, 2013 LG/VM Transaction, pursuant to which (i) Virgin Media became a wholly-owned subsidiary of Liberty Global as a result of a series of mergers and (ii) Liberty Global became the publicly-held parent company of the successors by merger of Old Virgin Media and LGI.

The September 30, 2014 Condensed Consolidated Financial Statements and December 31, 2013 Consolidated Financial Statements have been prepared in accordance with U.S. GAAP. The following information should be read in conjunction with "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", the September 30, 2014 Condensed Consolidated Financial Statements and the December 31, 2013 Consolidated Financial Statements. Our historical results do not necessarily indicate results that may be expected for any future period.

As a result of Liberty Global's push-down of its investment basis in Virgin Media arising from the LG/VM Transaction, a new basis of accounting was created on June 7, 2013. In the September 30, 2014 Condensed Consolidated Financial Statements, December 31, 2013 Consolidated Financial Statements and elsewhere herein, the results of operations and cash flows of Old Virgin Media for the periods ended on or prior to June 7, 2013 and the financial position of Old Virgin Media as of balance sheet dates prior to June 7, 2013 are referred to as "Predecessor" consolidated financial information and the results of operations and cash flows of Virgin Media for periods beginning on or after June 8, 2013 and the financial position of Virgin Media as of June 7, 2013 and subsequent balance sheet dates are referred to herein as "Successor" consolidated financial information.

In order to provide a more meaningful basis for comparing the results of operations for the nine months ended September 30, 2014 and the year ended December 31, 2013 to the corresponding prior year periods, we have presented financial information for the nine months ended September 30, 2013 and the year ended December 31, 2013 that reflects the combination of the results for the 2013 Predecessor and Successor periods. The combination of Predecessor and Successor periods is not permitted by U.S. GAAP and has not been prepared with a view towards complying with Article 11 of Regulation S-X.

	Nine months ended September 30,		Year ended December 31,		
	2014	2013	2013	2012 (a)	2011
	in millions				
<b>Virgin Media Consolidated Statements of Operations Data:</b>					
Revenue .....	£ 3,145.0	£ 3,092.0	£ 4,120.4	£ 4,100.5	£ 3,991.8
Operating costs and expenses:					
Operating (other than depreciation and amortization) .....	1,355.7	1,423.9	1,897.1	1,872.9	1,866.6
Selling, general and administrative (including share-based compensation) .....	459.6	482.2	636.2	574.2	535.3
Depreciation and amortization .....	1,182.9	937.0	1,343.0	966.4	1,046.4
Impairment, restructuring and other operating items, net ..	14.3	78.2	87.7	(11.8)	6.8
	<u>3,012.5</u>	<u>2,921.3</u>	<u>3,964.0</u>	<u>3,401.7</u>	<u>3,455.1</u>
Operating income .....	132.5	170.7	156.4	698.8	536.7
Non-operating income (expense):					
Interest expense:					
Third-party .....	(341.3)	(306.7)	(420.3)	(398.2)	(440.4)
Related-party .....	—	(5.8)	(5.8)	—	—
Interest income—related-party .....	167.2	58.9	107.0	—	—
Gain (loss) on debt modification and extinguishment, net	(0.2)	0.5	0.5	(187.8)	(47.2)
Realized and unrealized gains (losses) on derivative instruments, net .....	(13.6)	(99.9)	(151.6)	148.1	(50.7)
Foreign currency transaction gains (losses), net .....	(58.4)	78.4	140.5	(6.3)	(2.4)
Other income, net	1.2	0.6	0.8	6.8	97.1



	Nine months ended September 30,		Year ended December 31,		
	2014	2013	2013	2012 (a)	2011
	(245.1)	(274.0)	(328.9)	(437.4)	(443.6)
	in millions				
Earnings (loss) from continuing operations before income taxes.....	(112.6)	(103.3)	(172.5)	261.4	93.1
Income tax benefit (expense).....	1.9	(197.7)	(215.6)	2,652.0	(16.0)
Earnings (loss) from continuing operations .....	(110.7)	(301.0)	(388.1)	2,913.4	77.1
Loss from discontinued operations, net of taxes.....	—	—	—	—	(1.2)
Net earnings (loss) .....	£ (110.7)	£ (301.0)	£(388.1)	£2,913.4	£ 75.9

(a) As retrospectively revised—see note 2 to the December 31, 2013 Consolidated Financial Statements included elsewhere herein.

	September 30, 2014	December 31,	
		2013	2012 (b)
		in millions	
<b>Virgin Media Consolidated Balance Sheet Data:</b>			
Cash and cash equivalents .....	£ 30.8	£ 343.0	£ 206.3
Total assets .....	£ 19,278.1	£ 19,311.2	£ 10,564.9
Total current liabilities (excluding current portion of debt and capital lease obligations).....	£ 1,466.6	£ 1,377.1	£ 1,160.3
Total debt and capital lease obligations.....	£ 8,462.2	£ 8,448.8	£ 5,929.1
Total liabilities.....	£ 10,284.9	£ 10,283.0	£ 7,346.5
Total equity.....	£ 8,993.2	£ 9,028.2	£ 3,218.4

(b) As retrospectively revised—see note 2 to the December 31, 2013 Consolidated Financial Statements included elsewhere herein.

	Nine months ended September 30,		Year ended December 31,		
	2014	2013	2013	2012	2011
			in millions		
<b>Virgin Media Consolidated Cash Flow Data:</b>					
Cash provided by operating activities.....	£ 1,151.2	£ 894.4	£ 1,150.6	£ 1,198.9	£ 1,148.4
Cash used by investing activities.....	£ (1,214.9)	£ (2,849.1)	£ (3,082.7)	£ (783.0)	£ (314.7)
Cash provided (used) by financing activities.....	£ (246.4)	£ 1,989.2	£ 1,965.6	£ (500.6)	£ (1,013.8)

	As of and for the nine months ended September 30, 2014	As of and for the year ended December 31, 2013
<b>Virgin Media Summary Statistical and Operating Data (c):</b>		
<b>Cable</b>		
<b>Footprint</b>		
Homes passed .....	12,584,100	12,520,100
Two-way homes passed.....	12,522,700	12,520,100
<b>Subscribers (RGUs)</b>		
Television .....	3,738,800	3,749,600
Internet.....	4,464,100	4,375,700
Telephony .....	4,161,200	4,136,400
Total RGUs	12,364,100	12,261,700
<b>Customer Bundling</b>		
Single-Play .....	16.2%	15.9%

	As of and for the nine months ended September 30, 2014	As of and for the year ended December 31, 2013
<b>Virgin Media Summary Statistical and Operating Data (c):</b>		
<b>Cable</b>		
<b>Footprint</b>		
Double-Play .....	17.7%	18.5%
Triple-Play .....	66.1%	65.7%
Quad-Play .....	17.0%	16.3%
<b>Customer Relationships</b>		
Customer relationships .....	4,947,500	4,908,500
RGUs per customer relationship .....	2.50	2.50
<b>ARPU—Cable Subscription Revenue</b>		
Monthly ARPU per customer relationship .....	£ 49.39	£ 48.14
<b>Mobile</b>		
<b>Mobile subscribers</b>		
Postpaid .....	2,073,500	1,879,100
Prepaid .....	986,100	1,111,100
Total mobile subscribers .....	3,059,600	2,990,200
<b>ARPU—Mobile Subscription Revenue</b>		
Monthly ARPU per customer relationship:		
Excluding interconnect revenue .....	£ 13.07	£ 12.16
Including interconnect revenue .....	£ 15.28	£ 14.50

(c) For information concerning how Virgin Media defines and calculates its operating statistics, see “*Business—Introduction.*”

	Nine months ended September 30,		Year ended December 31,		
	2014	2013	2013	2012	2011
in millions, except percentages					
<b>Virgin Media Summary Operating Data:</b>					
Revenue .....	£ 3,145.0	£ 3,092.0	£ 4,120.4	£ 4,100.5	£ 3,991.8
OCF (d) .....	£ 1,357.2	£ 1,270.7	£ 1,694.7	£ 1,679.2	£ 1,616.9
OCF margin .....	43.2%	41.1%	41.1%	41.0%	40.5%
Property and equipment additions .....	£ 643.5	£ 660.7	£ 867.6	£ 883.4	£ 763.0
Property and equipment additions as % of revenue .....	20.5%	21.4%	21.1%	21.5%	19.1%

- (d) OCF is the primary measure used by our management to evaluate the company's performance. OCF is also a key factor that is used by our internal decision makers to evaluate the effectiveness of our management for purposes of annual and other incentive compensation plans. As we use the term, OCF is revenue less operating and selling, general and administrative expenses (excluding share-based compensation, depreciation and amortization and impairment, restructuring and other operating items). Other operating items include (i) gains and losses on the disposition of long-lived assets, (ii) third-party costs directly associated with successful and unsuccessful acquisitions and dispositions, including legal, advisory and due diligence fees, as applicable, and (iii) other acquisition-related items, such as gains and losses on the settlement of contingent consideration. Our internal decision makers believe OCF is a meaningful measure and is superior to available GAAP measures because it represents a transparent view of our recurring operating performance that is unaffected by our capital structure and allows management to readily view operating trends and identify strategies to improve operating performance. We believe our OCF measure is useful to investors because it is one of the bases for comparing our performance with the performance of other companies in the same or similar industries, although our measure may not be directly comparable to similar measures used by other companies. OCF should be viewed as a measure of operating performance that is a supplement to, and not a substitute for, operating income (loss), net earnings (loss), cash flow from operating activities and other GAAP measures of income or cash flows. A reconciliation of OCF to operating income is as follows:

	Nine months ended September 30,		Year ended December 31,		
	2014	2013	2013	2012	2011
	in millions				
OCF .....	£ 1,357.2	£ 1,270.7	£ 1,694.7	£ 1,679.2	£ 1,616.9
Share-based compensation.....	(27.5)	(84.8)	(107.6)	(25.8)	(27.0)
Depreciation and amortization.....	(1,182.9)	(937.0)	(1,343.0)	(966.4)	(1,046.4)
Impairment, restructuring and other operating items, net.....	(14.3)	(78.2)	(87.7)	11.8	(6.8)
Operating income .....	£ 132.5	£ 170.7	£ 156.4	£ 698.8	£ 536.7

**Certain As Adjusted Covenant Information:**

	As of and for the six-month period ended September 30, 2014
	in millions, except ratios
Annualized EBITDA (1) .....	£ 1,865.6
As adjusted annualized EBITDA (2).....	£ 1,869.8
As adjusted covenant senior net debt (3).....	£ 7,282.3
As adjusted covenant total net debt (3).....	£ 9,268.9
Ratio of as adjusted covenant senior net debt to as adjusted annualized EBITDA (2)(3) .	3.89x
Ratio of as adjusted covenant total net debt to as adjusted annualized EBITDA (2)(3)....	4.96x

- (1) Annualized EBITDA is calculated by multiplying "Consolidated EBITDA" (as defined in the "Description of the Senior Secured Notes" and "Description of the Senior Notes" sections included in this listing particulars) for the six months ended September 30, 2014 (£932.8 million) by two. Annualized EBITDA reflects the actual cost synergies realized by Virgin Media during the six months ended September 30, 2014 as a result of certain organizational and staffing changes that were implemented by Virgin Media in connection with its integration with Liberty Global. The definition of "Consolidated EBITDA" differs from the definition of "Consolidated EBITDA" and "EBITDA" under certain of the indentures governing the Existing Notes and the VM Credit Facility. As adjusted for the UPC Ireland Acquisition, our annualized EBITDA for the corresponding period presented above would have been £999.8 million multiplied by two.
- (2) As adjusted annualized EBITDA reflects (i) a £15.6 million increase to reflect the excess of (a) the expected full-year synergies that are estimated to be achieved upon the completion of the integration of Virgin Media with Liberty Global over (b) the actual amounts included in annualized EBITDA, (ii) a decrease resulting from the elimination of "Consolidated EBITDA" contributed by Virgin Media's non-cable customers for the six months ended September 30, 2014 (£4.9 million) multiplied by two, which adjustment gives effect to the migration of these customers to a third-party operator that began during the fourth quarter of 2014, and (iii) a decrease resulting from the application of the 2015 Liberty Global

Allocation Methodology for the six months ended September 30, 2014 (£0.8 million) multiplied by two. The related-party fees and allocations deducted from as adjusted annualized EBITDA pursuant to the 2015 Liberty Global Allocation Methodology are based on the costs incurred by the allocating entities during the six months ended September 30, 2014, the allocation methodologies in effect during the period and the size of the overall pool of entities who are charged fees and allocated costs, such that changes in any of these factors would result in changes to the related-party amounts charged and allocated to the Issuers and the restricted subsidiaries. As adjusted for the UPC Ireland Acquisition, the decrease to annualized EBITDA resulting from the application of the 2015 Liberty Global Allocation Methodology for the six months ended September 30, 2014 would have been £6.1 million multiplied by two. For additional information concerning the 2015 Liberty Global Allocation Methodology, see “*Certain Relationships and Related Party Transactions*”. As adjusted for the UPC Ireland Acquisition and the adjustments set forth in this note, our as adjusted annualized EBITDA for the corresponding period presented above would have been £1,993.2 million.

- (3) As adjusted covenant senior net debt and as adjusted covenant total net debt are calculated in accordance with the “Consolidated Net Leverage Ratio” (as defined in both the “*Description of the Senior Secured Notes*” and “*Description of the Senior Notes*” sections included in this listing particulars) and are adjusted to reflect the October 2014 Refinancing and the issuance of the Notes and the application of the proceeds thereof. As adjusted for the UPC Ireland Acquisition, the ratio of (i) as adjusted covenant senior net debt to as adjusted annualized EBITDA would have been 3.65x and (ii) as adjusted covenant total net debt to as adjusted annualized EBITDA would have been 4.65x, in each case for the corresponding periods presented above. As adjusted covenant senior net debt and as adjusted covenant total net debt presented here differ from the calculation of “Indebtedness” under the “Consolidated Leverage Ratio” and “Leverage Ratio”, as applicable, under certain of the indentures governing the Existing Notes and certain equivalent definitions and ratios in the VM Credit Facility. The amounts shown, which, if applicable, take into account currency swaps but do not include premiums or discounts, differ from the debt figures that are reported under “*Capitalization*” and “*Selected Consolidated Financial and Operating Data*” in this listing particulars.

## SUMMARY OF THE NOTES

*The summary below describes the principal terms of the Notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The “Description of the Senior Secured Notes” and “Description of the Senior Notes” sections of this listing particulars contain a more detailed description of the terms and conditions of the Notes, including the definitions of certain terms used in this summary.*

### Issuers

Senior Secured Notes Virgin Media Secured Finance PLC (the “**Senior Secured Notes Issuer**” or “**Virgin Media Secured Finance**”).

Senior Notes Virgin Media Finance PLC (the “**Senior Notes Issuer**” or “**Virgin Media Finance**”).

### Notes Offered

Senior Secured Notes £300,000,000 aggregate principal amount of 5<sup>1</sup>/<sub>8</sub>% Senior Secured Notes due 2025 (the “**Senior Secured Notes**”).

Senior Notes \$400,000,000 aggregate principal amount of its 5<sup>3</sup>/<sub>4</sub>% Senior Notes due 2025 (the “**Dollar Senior Notes**”) and €460,000,000 aggregate principal amount of its 4<sup>1</sup>/<sub>2</sub>% Senior Notes due 2025 (the “**Euro Senior Notes**”) and, together with the Dollar Senior Notes, the “**Senior Notes**” and, together with the Senior Secured Notes, the “**Notes**”).

**Issue Date** January 28, 2015.

### Issue Price

Senior Secured Notes 100.000% plus accrued interest, if any, from the Issue Date.

Dollar Senior Notes 100.000% plus accrued interest, if any, from the Issue Date.

Euro Senior Notes 100.000% plus accrued interest, if any, from the Issue Date.

### Interest Rate

Senior Secured Notes 5.125%.

Dollar Senior Notes 5.750%.

Euro Senior Notes 4.500%.

### Interest Payment Dates

Senior Secured Notes Semi-annually in arrears on each January 15 and July 15, commencing July 15, 2015. Interest will accrue from the Issue Date.

Senior Notes Semi-annually in arrears on each January 15 and July 15, commencing July 15, 2025. Interest will accrue from the Issue Date.

### Maturity Date

Senior Secured Notes January 15, 2025.

Senior Notes January 15, 2025.

### Denominations

Each Senior Secured Note has a minimum denomination of £100,000 and integral multiples of £1,000 in excess thereof. Each Dollar Senior Note has a minimum denomination of \$200,000 and integral

multiples of \$1,000 in excess thereof. Each Euro Senior Note has a minimum denomination of €100,000 and integral multiples of €1,000 in excess thereof.

## Ranking of the Notes

### Senior Secured Notes

#### The Senior Secured Notes:

- are general senior obligations of the Senior Secured Notes Issuer;
- rank *pari passu* in right of payment with any existing and future indebtedness of the Senior Secured Notes Issuer that is not subordinated to the Senior Secured Notes (including the Existing Senior Secured Notes and the VM Credit Facility);
- rank senior in right of payment to any existing and future subordinated obligations of the Senior Secured Notes Issuer;
- are guaranteed by the Senior Secured Notes Guarantors as described below under “—*Guarantees—Senior Secured Notes*”;
- have the benefit of security as described below under “—*Security—Senior Secured Notes*”; and
- are effectively subordinated to any existing and future indebtedness of the Senior Secured Notes Issuer that is secured by liens senior to the liens securing the Senior Secured Notes, or secured by property and assets that do not secure the Senior Secured Notes, to the extent of the value of the property and assets securing such indebtedness.

### Senior Notes

#### The Senior Notes:

- are general senior unsecured obligations of the Senior Notes Issuer;
- rank *pari passu* in right of payment with any existing and future senior indebtedness of the Senior Notes Issuer, that is not subordinated to the Senior Notes (including the Existing Senior Notes and the Senior Notes Issuer’s guarantee of the VM Credit Facility and the Existing Senior Secured Notes);
- rank senior in right of payment to any existing and future subordinated obligations of the Senior Notes Issuer that are expressly subordinated to the Senior Notes;
- are effectively subordinated to any secured indebtedness of the Senior Notes Issuer and its subsidiaries, including any obligations owed by the Senior Notes Issuer in respect of its guarantee of the VM Credit Facility, and the Existing Senior Secured Notes, to the extent of the value of the assets securing such secured indebtedness;

- are guaranteed on a senior basis by each Senior Notes Parent Guarantor and on a senior subordinated basis by each Senior Notes Subsidiary Guarantor as described under “—*Guarantees—Senior Notes*”; and
- are effectively subordinated to all liabilities of each subsidiary of the Senior Notes Issuer that does not guarantee the Senior Notes.

## Guarantees

### Senior Secured Notes

The Senior Secured Notes have been guaranteed (each, a “**Senior Secured Notes Guarantee**”) on a senior basis by Virgin Media, VMIH and Virgin Media Finance (the “**Senior Secured Parent Guarantors**”) and certain subsidiaries of Virgin Media Communications that guarantee the Existing Senior Secured Notes and the VM Credit Facility, a list of which is included in Schedule I of this listing particulars See “*Schedule I—List of Senior Secured Notes Guarantors.*” (the “**Senior Secured Subsidiary Guarantors**”, and together with the Senior Secured Parent Guarantors, the “**Senior Secured Guarantors**”). The guarantees granted by the Senior Secured Guarantors are subject to contractual and legal limitations, and may be released in certain circumstances as described under “*Description of the Senior Secured Notes—Ranking of the Notes, Note Guarantees and Security*”.

### Senior Notes

The Senior Notes are (i) guaranteed (each, a “**Senior Notes Parent Guarantee**”) on a senior basis by Virgin Media, Virgin Media Group LLC, Virgin Media (UK) Group LLC and Virgin Media Communications (the “**Senior Notes Parent Guarantors**”) and (ii) guaranteed (each a “**Senior Notes Subsidiary Guarantee**” and together with the Senior Note Parent Guarantees, the “**Senior Notes Guarantees**”) on a senior subordinated basis by VMIH and VMIL (the “**Senior Notes Subsidiary Guarantors**” and together with the Senior Notes Parent Guarantors, the “**Senior Notes Guarantors**”). The guarantees granted by the Senior Notes Guarantors are subject to legal and contractual limitations and may be released in certain circumstances as described under “*Description of the Senior Notes—Ranking of the Notes and Note Guarantees*”.

## Ranking of the Guarantees

### Senior Secured Notes

Each Senior Secured Notes Guarantee is the general senior obligation of the relevant Senior Secured Notes Guarantor and :

- ranks *pari passu* in right of payment with any existing and future indebtedness of such Senior Secured Notes Guarantor that is not subordinated to such Senior Secured Notes Guarantor’s Senior Secured Notes Guarantee (including, if such Senior Secured Notes Guarantee is given by the Senior Notes Issuer, *pari passu* to the obligations of the Senior Notes Issuer under the Senior Notes offered hereby and the Existing Senior Notes);
- ranks senior in right of payment to any existing and future subordinated obligations of such Senior Secured Notes Guarantor (and if such Senior Secured Notes Guarantee is given by a subsidiary of the Senior Notes

Issuer (such subsidiaries being VMIH and VMIL as the date hereof), senior to the senior subordinated guarantee given by such Senior Secured Notes Guarantor in favor of the Senior Notes offered hereby and the Existing Senior Notes);

- has the benefit of security as described below under “—*Security—Senior Secured Notes*”;
- is effectively subordinated to any existing and future Indebtedness of such Senior Secured Notes Guarantor that is secured by liens senior to the liens securing such Senior Secured Notes Guarantor’s Senior Secured Notes Guarantee or secured by property and assets that do not secure such Senior Secured Notes Guarantor’s Senior Secured Notes Guarantee, to the extent of the value of the property and assets securing such indebtedness; and
- is effectively subordinated to any indebtedness of any subsidiary of VMIH that does not guarantee the Senior Secured Notes.

#### Senior Notes

Each Senior Notes Parent Guarantee is the general obligation of the relevant Senior Notes Parent Guarantor and:

- is a senior unsecured obligation of such Senior Notes Parent Guarantor;
- ranks equally in right of payment with all existing and future senior indebtedness of such Senior Notes Parent Guarantor;
- is senior in right of payment to all existing and future subordinated obligations of such Senior Notes Parent Guarantor;
- is effectively subordinated to any secured indebtedness of such Senior Notes Parent Guarantor and its subsidiaries to the extent of the value of the assets securing such secured indebtedness; and
- is effectively subordinated to all liabilities (including all obligations under the VM Credit Facility, the Existing Senior Secured Notes and any indebtedness permitted to be incurred under the Indenture by the Senior Notes Issuer or any restricted subsidiary) and disqualified stock and preferred stock of each subsidiary of such Senior Notes Parent Guarantor, including the Senior Notes Issuer and the Senior Notes Subsidiary Guarantors.

Each Senior Notes Subsidiary Guarantee is the general obligation of the relevant Senior Notes Subsidiary Guarantor and:

- is an unsecured senior subordinated obligation of the respective Senior Notes Subsidiary Guarantor;
- ranks equally in right of payment with all existing and future senior subordinated



indebtedness of the respective Senior Notes Subsidiary Guarantor;

- is subordinated in right of payment to all existing and future senior indebtedness of the respective Senior Notes Subsidiary Guarantor, including all obligations under the VM Credit Facility and the Existing Senior Secured Notes;
- is senior in right of payment to all existing and future subordinated obligations of the respective Senior Notes Subsidiary Guarantor; and
- is effectively subordinated to any secured indebtedness of the respective Senior Notes Subsidiary Guarantor and its subsidiaries to the extent of the value of the assets securing such indebtedness are subordinated.

## Security

### Senior Secured Notes

The Senior Secured Notes and the Senior Secured Notes Guarantees are secured by liens (the “**Collateral**”) on substantially all of the assets of VMIH, the Senior Secured Notes Issuer and each of the Senior Secured Notes Guarantors (except for Virgin Media), being the same assets as those on which liens have been granted in respect of the indebtedness under the Existing Senior Secured Notes and the VM Credit Facility, subject to certain exceptions. The Senior Secured Notes share in any enforcement proceeds on a *pari passu* basis with the VM Credit Facility and the Existing Senior Secured Notes.

### Senior Notes

The Senior Notes and the Senior Notes Guarantees are unsecured.

**Additional Amounts; Tax Redemption** All payments in respect of the Notes will be made without withholding or deduction for any taxes or other governmental charges, except to the extent required by law. If withholding or deduction is required by law, subject to certain exceptions, the Senior Secured Notes Issuer or the relevant Senior Secured Notes Guarantor, or the Senior Notes Issuer or the relevant Senior Notes Guarantor, as applicable, will pay Additional Amounts so that the net amount you receive is no less than that which you would have received in the absence of such withholding or deduction. See “*Description of the Senior Secured Notes—Withholding Taxes*” and “*Description of the Senior Notes—Withholding Taxes*”. The Senior Secured Notes Issuer or the Senior Notes Issuer, as applicable, may redeem the Notes in whole, but not in part, at any time, upon giving prior notice, if certain changes in tax law impose certain withholding taxes on amounts payable on the Notes, and, as a result, the Senior Secured Notes Issuer, a Senior Secured Notes Guarantor, or the Senior Notes Issuer or a Senior Notes Guarantor, as applicable, is required to pay Additional Amounts with respect to such withholding taxes. If the Senior Secured Notes Issuer or the Senior Notes Issuer, as applicable, decides to exercise such redemption right, it must pay you a price equal to the principal amount of the Notes plus interest and Additional Amounts, if any, to the date of redemption. See “*Description of the Senior Secured Notes—Redemption for Taxation Reasons*” and “*Description of the Senior Notes—Redemption for Taxation Reasons*”.

## Optional Redemption

### Senior Secured Notes

The Senior Secured Notes Issuer may redeem all or part of the Senior Secured Notes on or after January 15, 2020 at the redemption prices as described under “*Description of the Senior Secured Notes—Optional Redemption—Optional Redemption on or after January 15, 2020.*”

Prior to January 15, 2020, the Senior Secured Notes Issuer may redeem all or part of the Senior Secured Notes by paying a “make whole” premium as described under “*Description of the Senior Secured Notes—Optional Redemption—Optional Redemption prior to January 15, 2020.*”

Prior to January 15, 2018, the Senior Secured Notes Issuer may on one or more occasions use the net proceeds of specified equity offerings to redeem up to 40% of the principal amount of the Senior Secured Notes at the redemption price as set forth under “*Description of the Senior Secured Notes—Optional Redemption—Optional Redemption upon Equity Offerings.*”

Prior to January 15, 2020, during each 12-month period commencing on the Issue Date, the Senior Secured Notes Issuer may redeem up to 10% of the principal amount of the Senior Secured Notes at a redemption price equal to 103% of the principal amount thereof plus accrued and unpaid interest to (but excluding) the date of redemption. See “*Description of the Senior Secured Notes—Optional Redemption—Optional Redemption prior to January 15, 2020.*”

### Senior Notes

The Senior Notes Issuer may redeem all or part of the Senior Notes on or after January 15, 2020 at the redemption prices as described under “*Description of the Senior Notes—Optional Redemption—Optional Redemption on or after January 15, 2020.*”

Prior to January 15, 2020, the Senior Notes Issuer may redeem all or part of the Senior Notes by paying a “make whole” premium as described under “*Description of the Senior Notes—Optional Redemption—Optional Redemption prior to January 15, 2020.*”

Prior to January 15, 2018, the Senior Notes Issuer may on one or more occasions use the net proceeds of specified equity offerings to redeem up to 40% of the principal amount of the Senior Notes at the redemption price as set forth under “*Description of the Senior Notes—Optional Redemption—Optional Redemption upon Equity Offerings.*”

## Special Optional Redemption

At any time on or prior to the earlier of (i) the date that is 15 days following the consummation of the UPC Ireland Acquisition or (ii) the date that is six months following the Issue Date, the Issuers may, at their option, elect to redeem all or a portion of the Senior Secured Notes and/or Senior Notes, as applicable (the “**Special Optional Redemption**”), at a redemption price equal to 100% of the principal amount of the applicable Notes, plus accrued but unpaid interest, if any (or the issue price, plus accreted original issue discount and accrued but unpaid interest, if any) to (but excluding) the date of the Special Optional Redemption. See “*Description of the Senior Secured Notes—Optional Redemption—Special Optional Redemption*” and “*Description of the Senior Notes—Optional Redemption—Special Optional Redemption.*”

**Change of Control**

If we experience a change of control (as defined in the relevant Indenture), the relevant Issuer will be required to offer to repurchase the Senior Secured Notes and the Senior Notes, as applicable, at 101% of their principal amount plus accrued interest to (but excluding) the date of such repurchase. See “*Description of the Senior Secured Notes—Certain Covenants—Change of Control*” and “*Description of the Senior Notes—Certain Covenants—Change of Control*”.

**Certain Covenants**

The Indentures partially limit, among other things, the ability of VMIH and its restricted subsidiaries (in the case of the Senior Secured Notes) and Virgin Media Finance and its restricted subsidiaries (in the case of the Senior Notes) to:

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

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

**Governing Law**

The Notes and the guarantees of the Notes are governed by the laws of the State of New York. The Security Documents are governed by the laws of the State of New York, England and Wales and Scotland.

**Trustee**

The Bank of New York Mellon, London Branch.

**Principal Paying Agent**

The Bank of New York Mellon, London Branch.

**Dollar Senior Notes Registrar and Transfer Agent**

The Bank of New York Mellon.

**Senior Secured Notes and Euro Senior Notes Registrar and Transfer Agent**

The Bank of New York Mellon (Luxembourg), S.A.

**Paying Agent in New York**

The Bank of New York Mellon.

<b>Security Trustee</b>	Deutsche Bank AG, London Branch.
<b>Luxembourg Listing Agent</b>	The Bank of New York Mellon (Luxembourg), S.A.
<b>Transfer Restrictions</b>	We have not registered the Notes under the U.S. Securities Act or the securities laws of any other jurisdiction. The Notes are subject to certain transfer restrictions and may only be offered or sold by you pursuant to an exemption from the registration requirements of, or in transactions not covered by, the U.S. Securities Act. See “ <i>Transfer Restrictions.</i> ”
<b>No Prior Market</b>	The Notes are new securities for which there is currently no market. Although the Initial Purchasers have informed us that they intend to make a market in the Notes, they are not obligated to do so, and may discontinue market-making at any time without notice. Accordingly, we cannot assure you that a liquid market for the Notes will be maintained.
<b>Listing</b>	The Issuers have made an application to list the notes on the Official List of the Luxembourg Stock Exchange and for admission of the notes to trading on the Euro MTF market of the Luxembourg Stock Exchange.
<b>Use of Proceeds</b>	The Issuers intend to use the net proceeds of the offering for general corporate purposes, which may include the funding of potential acquisitions, including, if consummated, the UPC Ireland Acquisition, and loans, distributions or other payments to the Issuers’ indirect parent companies, the refinancing of certain existing indebtedness of the Issuers and their respective subsidiaries or the funding of the Special Optional Redemption. See “ <i>Use of Proceeds.</i> ”
<b>Certain Tax Considerations</b>	One or more series of the Notes may be treated as having been issued with original issue discount for U.S. federal income tax purposes. An obligation generally is treated as having been issued with original issue discount if its stated redemption price at maturity exceeds its issue price by at least a de minimis amount. If a Note is treated as issued with original issue discount, U.S. investors will be subject to tax on that original issue discount as it accrues, in advance of the receipt of cash payments attributable to that income (and in addition to stated interest). You are urged to consult your own tax advisors with respect to the U.S. federal, state, local and non-U.S. tax considerations related to purchasing, owning and disposing of the Notes. See “ <i>Certain U.S. Federal Income Tax Considerations</i> ” and “ <i>Material United Kingdom Tax Considerations.</i> ”
<b>Certain ERISA Considerations</b>	The Notes and/or interest therein may, subject to certain restrictions described under “ <i>Certain Employee Benefit Plan Considerations,</i> ” be sold and transferred to ERISA Plans (as defined in this listing particulars). See “ <i>Certain Employee Benefit Plan Considerations.</i> ”
<b>Risk Factors</b>	Investing in the Notes involves substantial risks. Please see “ <i>Risk Factors</i> ” for a description of certain risks that you should carefully consider before investing in the Notes.

## RISK FACTORS

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

*This listing particulars also contains forward-looking statements that involve risks and uncertainties. Actual results may differ materially from those anticipated in these forward looking statements as a result of various factors, including the risks described below and elsewhere in this listing particulars. Please see “Forward-Looking Statements.”*

### **Risks Relating to Our Industry and Our Business**

***We operate in highly competitive markets, and there is a risk that we will not be able to effectively compete with other service providers.***

The markets for digital cable, broadband internet, fixed-line telephony and mobile services in which we operate are highly competitive and, in certain markets, we compete with established companies that hold positions of market power in these and/or closely related markets. We face competition from these companies, other established companies and potential new entrants. Technological advances may increase competition or alter the competitive dynamics of markets in which we operate. For example, we face increasing competition from video services provided by, or over the networks of, the incumbent telecommunications operator and other service providers. As the availability and speed of broadband internet increases, we also face competition from over-the-top, or OTT, video content providers utilizing our or our competitors’ high-speed internet connections. In addition, continued consolidation within the media industry may permit more competitors to offer “triple-play” bundles of digital television, fixed-line telephony and broadband services, or “quad-play” bundles including mobile telephone services.

In order to compete effectively, we may be required to reduce the prices we charge for our services or increase the value of our services without being able to recoup associated costs. We may also need to pursue legal and regulatory actions. In addition, some of our competitors offer services that we are unable to offer. We expect the level and intensity of competition to continue to increase from both existing competitors and new market entrants as a result of changes in the regulatory framework of the industries in which we operate, advances in technology, the influx of new market entrants and strategic alliances and cooperative relationships among industry participants. Increased competition may lead to a decrease in our revenue, increased costs, increased customer churn or a reduction in the rate of customer acquisition, which could have an adverse effect on our business, financial condition, results of operations and cash flows.

***The markets in which we compete are subject to rapid and significant changes in technology, and the effect of technological changes on our businesses cannot be predicted.***

Technology in the video, telecommunications and data services industries is changing rapidly, including advances in current technologies and the emergence of new technologies. For example, advances in current technologies, such as voice over IP, or VoIP, (over fixed and mobile technologies), 3D TV, mobile instant messaging, wireless fidelity, or Wi-Fi, the extension of local Wi-Fi networks across greater distances, or Wi-Max, long-term evolution, or LTE, internet protocol television, or the emergence of new technologies, such as white space technologies (which use portions of the old analog TV spectrum), or the availability to our competitors of 4G spectrum and technology, may result in our core offerings becoming less competitive or render our existing products and services obsolete. We may not be able to develop new products and services, or keep up with trends in the technology market, at the same rate as our competitors (or at all). The pace of change may be such that we fail to seize opportunities to become market disrupters or to adequately respond to market disrupters. A lack of market acceptance of new products and services which we may offer, or the development of significant competitive products or services by others, could have an adverse effect on our business, financial condition, results of operations and cash flows.

***Our property and equipment additions may not generate a positive return.***

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

***Adverse economic developments could reduce customer spending for our digital cable, broadband, fixed-line telephony and mobile services and increase churn, either of which could have a material adverse effect on our business, financial condition and results of operations.***

Most of our revenue is derived from customers who could be impacted by adverse economic developments globally, in Europe and in the U.K. Ongoing struggles in Europe related to sovereign debt issues, among other things, has contributed to a challenging economic environment. Accordingly, unfavorable economic conditions may impact a significant number of our customers and, as a result, it may be (i) more difficult for us to attract new customers, (ii) more likely that customers will downgrade or disconnect their services and (iii) more difficult for us to maintain ARPUs at existing levels. The U.K. may also seek new or increased revenue sources due to fiscal deficits. Such actions may further adversely affect our company. Accordingly, our ability to increase, or, in certain cases, maintain, our revenue, ARPUs, RGUs, operating cash flow, operating cash flow margins and liquidity could be materially adversely affected if the economic environment in Europe remains uncertain or declines. We are currently unable to predict the extent of any of these potential adverse effects.

***Our fixed-line telephony revenue is declining and unlikely to improve.***

Fixed-line telephony usage is in decline across the industry, with the rate of decline in lines used by businesses being nearly twice as high as that in the residential fixed-line telephony market. There is a risk that business and residential customers will migrate from using fixed-line telephony to using other forms of telephony such as VoIP, or mobile telephony. There is no assurance that our fixed-line customers will migrate to our mobile phones and they may eventually shift to other providers of mobile telephony services. Such a migration could have a material adverse effect on our results of operations, revenue and financial condition.

***A failure in our network and information systems, whether caused by a natural failure or a security breach, could significantly disrupt our operations, which could have a material adverse effect on those operations, our business, our results of operations and financial condition.***

Certain network and information systems are critical to our business activities. Network and information systems may be affected by cyber security incidents that can result from deliberate attacks or system failures. These may include, but are not limited to computer hackings, computer viruses, worms or other destructive or disruptive software, or other malicious activities. Our network and information systems may also be the subject of power outages, fire, natural disasters, terrorist attacks, war or other similar events. Theft of metals is particularly acute in the U.K. due to high prices for scrap metal, and our network is not immune to such thefts. Such events could result in a degradation of, or disruption to, our cable and non-cable services, and could prevent us from billing and collecting revenue due to us or could damage our equipment and data or could result in damage to our reputation. Disruption to services could result in excessive call volumes to call centers that may not be able to cope with such volume, which could in turn have a material adverse effect on our reputation and brand. Our plans for recovery from, and resilience to, such challenges may not be sufficient. The amount and scope of insurance we maintain against losses resulting from these events may not be sufficient to cover our losses or otherwise adequately compensate us for any disruptions to our business that may result.

Sustained or repeated failures of our own or third-party systems that interrupt our ability to provide services to our customers, prevent us from billing and collecting revenue, or that otherwise prevent us from meeting our obligations in a timely manner, could materially adversely affect our reputation and result in a loss of customers and revenue. These network and information systems-related events could also require significant

expenditures to repair or replace damaged networks or information systems or to protect them from similar events in the future. Further, any security breaches, such as misappropriation, misuse, penetration by viruses, worms or other destructive or disruptive software, leakage, falsification or accidental release or loss of information maintained in our information technology systems and networks or those of our business partners (including customer, personnel and vendor data) could damage our reputation, result in legal and/or regulatory action against us, and require us to expend significant capital and other resources to remedy any such security breach. As a result of the increasing awareness concerning the importance of safeguarding personal information, the potential misuse of such information and legislation that has been adopted or is being considered regarding the protection, privacy and security of personal information, the liability associated with information-related risks is increasing, particularly for businesses like ours that handle a large amount of personal customer data. The occurrence of any such network or information system-related events or security breaches could have a material adverse effect on our business and results of operations.

***Unauthorized access to our network resulting in piracy could result in a loss of revenue.***

We rely on the integrity of our technology to ensure that our services are provided only to identifiable paying customers. Increasingly sophisticated means of illicit piracy of television, broadband and telephony services are continually being developed in response to evolving technologies. Furthermore, billing and revenue generation for our pay television services rely on the proper functioning of our encryption systems. While we continue to invest in measures to manage unauthorized access to our networks, any such unauthorized access to our cable television service could result in a loss of revenue, and any failure to respond to security breaches could raise concerns under our agreements with content providers, all of which could have a material adverse effect on our business and results of operations.

***We rely on third-party suppliers and contractors to provide necessary hardware, software or operational support and are reliant on them in a way that could economically disadvantage us.***

We rely on third-party vendors to supply us with a significant amount of customer equipment, hardware, software and operational support necessary to operate our network and systems and provide our services. In many cases, we have made substantial investments in the equipment or software of a particular supplier, making it difficult for us in the short term to change supply and maintenance relationships in the event that our initial supplier is unwilling or unable to offer us competitive prices or to provide the equipment, software or support that we require.

We also rely upon a number of third-party contractors to construct and maintain our network and to install our equipment in customers' homes. Quality issues or installation or service delays relating to these contractors could result in liability, reputational harm or contribute to customer dissatisfaction, which could result in additional churn or discourage potential new customers.

We are also exposed to risks associated with the potential financial instability of our suppliers, some of whom may have been adversely affected by the global economic downturn. If our suppliers were to discontinue certain products, were unable to provide equipment to meet our specifications or interrupt the provision of equipment or services to us, whether as a result of bankruptcy or otherwise, our business and results of operations could be materially adversely affected.

***Our consumer mobile service relies on EE's network to carry its communications traffic.***

Our services to mobile customers rely on our MVNO agreement with EE for voice, non-voice and other telecommunications services and for ancillary services such as pre-pay account management. If the agreement with EE is terminated, if EE fails to provide the services required under the agreement, or if EE fails to deploy and maintain its network, and we are unable to find a replacement network operator on a timely and commercial basis (if at all), we could be prevented from continuing our mobile business. If we find a replacement network operator, we may only be able to continue our mobile business on less favorable terms. Additionally, migration of all or some of our customer base to any such replacement network operator would be dependent in part on EE and could entail potential technical or commercial risk. If any of this were to happen, this could have a material adverse effect on our business and results of operations.

EE is also a customer of our B2B operations. Any disagreements between EE and our mobile operations or between EE and our B2B operations could have a material adverse effect on the relationship of the other Virgin Media businesses and EE.

***The “Virgin” brand is not under our control and the activities of the Virgin Media Group and other licensees could have a material adverse effect on the goodwill of customers towards us as a licensee.***

The “Virgin” brand is integral to our corporate identity. We are reliant on the general goodwill of consumers towards the Virgin brand. Consequently, adverse publicity in relation to the Virgin Media Group or its principals, particularly Sir Richard Branson who is closely associated with the brand, or in relation to another licensee of the “Virgin” name and logo (particularly in the U.K.) could have a material adverse effect on our reputation, business and results of operations. In addition, the licenses from Virgin Enterprises Limited can be terminated in certain circumstances. For example, Virgin Enterprises Limited can terminate the licenses, after providing Virgin Media with an opportunity to cure, (i) if Virgin Media or any of its affiliates commits persistent and material breaches or a flagrant and material breach of the licenses, (ii) if Virgin Enterprises Limited has reasonable grounds to believe that the use (or lack of use) of the licensed trademarks by Virgin Media has been or is likely to result in a long-term and material diminution in the value of the “Virgin” brand, or (iii) if a third party who is not (or one of whose directors is not) a “fit and proper person,” such as a legally disqualified director or a bankrupt entity, acquires “control” of Liberty Global. Such a termination could have a material adverse effect on our business and results of operations.

***We depend almost exclusively on our relationships with third-party programming providers and broadcasters for programming content, and a failure to acquire a wide selection of popular programming on acceptable terms could adversely affect our business.***

We enter into agreements for the provision of television programs and channels distributed via our entertainment service with program providers, such as public and commercial broadcasters, or providers of pay or on-demand television. We have historically obtained a significant amount of our premium programming and some of our basic programming and pay per view sporting events from British Sky Broadcasting Group plc, or BSkyB. BSkyB is also one of our main competitors in the television services business. BSkyB is a leading supplier of programming to pay television platforms in the U.K. and is the exclusive supplier of some programming, including its Sky Sports channels and Sky Movies channels, which are the most popular premium subscription sports and film channels available in the U.K.

In 2010, the U.K. Office of Communications, or Ofcom, imposed new license conditions on BSkyB that provide for a wholesale must offer, or WMO, obligation on BSkyB that regulate (or set a fair, reasonable and non-discriminatory requirement for) the price and terms of supply of certain of BSkyB’s Sports Channels. While BSkyB and others appealed the imposition of these license conditions and sought to overturn it, we and others appealed that the intervention did not go far enough. In August 2012, the Competition Appeal Tribunal (“CAT”) overturned Ofcom’s decision, ruling that the competition concerns on which Ofcom based its decisions were unfounded. BT Group plc, or BT, appealed certain aspects of the CAT’s judgment to the Court of Appeal. In February 2014, the Court of Appeal upheld BT’s appeal. The matter has been referred back to the CAT for further consideration and the Supreme Court has denied BSkyB the opportunity to appeal. The WMO requirement continues in the mean-time and BT has secured an extension to this requirement to cover distribution over the YouView platform. On December 19, 2014, Ofcom launched a consultation to review the WMO remedy and consider whether it remains an appropriate remedy. An adverse outcome of the aforementioned proceedings could lead to the removal of the WMO obligation on BSkyB. This may have a material adverse effect on our business if BSkyB is unconstrained in the supply and pricing of its programming following the expiry of our current carriage agreements.

We currently purchase content from BSkyB on the basis of carriage agreements entered into on May 10, 2014. These agreements provide for the wholesale distribution of BSkyB’s basic channels and its premium sports and movie channels on our digital cable service.

In addition, in August 2013, BT, a principal competitor, launched its own premium BT Sport channels, providing a range of sports content including football (soccer) from the English Premier League and, from the 2015/2016 football (soccer) season, exclusive rights to the UEFA Champions League and the UEFA Europa League. The BT Sport channels are available on our digital cable network, however, the cost to obtain such channels was a significant driver of our increased programming costs for 2013, and there can be no assurance that we will be able to continue carriage of such channels at a reasonable cost after the current contract ends in 2016.

Other significant programming suppliers include the BBC, ITV, Channel 4, UKTV, Five, Viacom Inc., ESPN, Discovery Communications Inc. and Turner, a division of Time Warner Inc. Our dependence on these and other suppliers for television programming could have a material adverse effect on our ability to provide attractive programming at a reasonable cost. Any loss of programs could negatively affect the quality and



variety of the programming delivered to our customers. In addition, there is the risk that suppliers will become exclusive providers to other platforms, including BSkyB, which reduces our ability to offer the same or similar content to our customers. All of these factors could have a material adverse effect on our business and increase customer churn.

***We do not insure the underground portion of our cable network and various pavement-based electronics associated with our cable network.***

Our cable network is one of our key assets. However, we do not insure the underground portion of our cable network or various pavement-based electronics associated with our cable network. Almost all our cable network is constructed underground. As a result, any catastrophe that affects our underground cable network or our pavement-based electronics could prevent us from providing services to our customers and result in substantial uninsured losses that would have a material adverse effect on our business and results of operations.

***We are subject to significant regulation, and changes in U.K. and EU laws, regulations or governmental policy affecting the conduct of our business may have a material adverse effect on our ability to set prices, enter new markets or control our costs.***

Our principal business activities are regulated and supervised by Ofcom and the U.K. Office of Fair Trading, among other regulators. Regulatory change is an ongoing process in the communications sector at both the U.K. and EU level. Changes in laws, regulations or governmental policy affecting our activities and those of our competitors could significantly influence how we operate our business and introduce new products and services. For example, regulatory changes relating to our activities and those of our competitors, such as changes relating to third party access to infrastructure, the costs of interconnection with other networks, our relationships with third party programming providers and broadcasters, the prices of competing products and services, or any change in policy allowing more favorable conditions for other operators, could adversely affect our ability to set prices, enter new markets or control our costs. In particular, following the transposition of recent amendments to European directives into U.K. law, Ofcom may attempt to use the non-significant market power access provisions to require us to make available access to our ducts. In addition, Ofcom may look to impose regulation on the cable network, which is currently unregulated. Such regulation would allow customers to switch with ease to another provider without informing us.

In July 2013, the U.K. government published a White Paper reviewing U.K. Communications legislation. This includes a plan to review the balance of payments between public service broadcasters and pay-TV providers, including us, which could lead to changes in the law governing payments for the rights to retransmit public service programming. Any amendments requiring us to pay fees for such content would increase our operating costs and could have an adverse effect on our business, financial condition and results of operations. The White Paper also sets out plans to consult on a number of other areas in the future, including the prominence of various services in platforms' electronic program guides. Ofcom has also recently commenced a review of Public Service Broadcasting, which will include consideration of the retransmission regime. Our ability to introduce new products and services may also be affected if we cannot predict how existing or future laws, regulations or policies would apply to such products or services. In addition, our business and the industry in which we operate are subject to investigation by regulators, which could lead to enforcement actions, fines and penalties or the assertion of private litigation claims and damages. Any such action could harm our reputation and result in increased costs to the business.

We are also subject to accreditation requirements with respect to certain of our B2B products and services provided to public sector organizations in the U.K. We have security accreditations across a range of B2B products and services for public sector organizations in the U.K., which are granted subject to periodic reviews of our policies and procedures by U.K. governmental entities. If we were to fail to maintain an accreditation or to obtain a new one when required, it could impact our ability to provide certain offerings to the public sector.

### **Risks Relating to Our Indebtedness, Taxes and Other Financial Matters**

***We have substantial indebtedness that may have a material adverse effect on our available cash flow, our ability to obtain additional financing if necessary in the future, our flexibility in reacting to competitive and technological changes and our operations.***

We have a substantial amount of indebtedness. As of September 30, 2014, on an as adjusted basis after giving effect to the October 2014 Refinancing and the issuance of the Notes offered hereby, the principal amount of our total consolidated third party debt and capital lease obligations would have been £9,360.7 (equivalent) million. In addition, we also have the ability to make revolving drawings under the VM Credit

Facility. As of September 30, 2014, the £660 million revolving credit facility under the VM Credit Facility was undrawn.

Our ability to pay principal and interest on or to refinance the outstanding indebtedness depends upon our operating performance, which will be affected by, among other things, general economic, financial, competitive, regulatory and other factors, some of which are beyond our control. Moreover, we may not be able to refinance or redeem such debt on commercially reasonable terms, on terms acceptable to us, or at all.

The level of our indebtedness could have important consequences, including the following:

- a substantial portion of our cash flow from operations will have to be dedicated to the payment of interest and principal on existing indebtedness, thereby reducing the funds available for other purposes;
- our ability to obtain additional financing in the future for working capital, capital expenditures, product development, acquisitions or general corporate purposes may be impaired;
- our flexibility in planning for, or reacting to, changes in our business, the competitive environment and the industry in which we operate, and to technological and other changes may be limited;
- we may be placed at a competitive disadvantage as compared to our competitors that are not as highly leveraged;
- our substantial degree of leverage could make us more vulnerable in the event of a downturn in general economic conditions or adverse developments in our business; and
- we are exposed to risks inherent in interest rate and foreign exchange rate fluctuations.

Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our debt obligations, which could adversely affect our business and operations.

***We may not be able to fund our debt service obligations in the future.***

We have significant principal payments that could require a partial or comprehensive refinancing of our VM Credit Facility and other debt instruments. The VM Convertible Notes are due in 2016 and certain tranches of our VM Credit Facility have a term of six to seven years. In addition, certain series of our Existing Senior Secured Notes and Existing Senior Notes mature between 2021 and 2029. See “*Description of Other Debt*”.

Our ability to implement such a refinancing successfully would be significantly dependent on stable debt capital markets. In addition, we may not achieve or sustain sufficient cash flow in the future for the payment of principal or interest on our indebtedness when due. Consequently, we may be forced to raise cash or reduce expenses by doing one or more of the following:

- raising additional debt;
- restructuring or refinancing our indebtedness prior to maturity, and/or on unfavorable terms;
- selling or disposing of some of our assets, possibly on unfavorable terms;
- issuing equity or equity-related instruments that will dilute the equity ownership interest of existing stockholders; or
- foregoing business opportunities, including the introduction of new products and services, acquisitions and joint ventures.

We cannot be sure that any of, or a combination of, the above actions would be sufficient to fund our debt service obligations, particularly in times of turbulent capital markets.

***The covenants under our debt agreements place certain limitations on our ability to finance future operations and how we manage our business.***

The agreements that govern our indebtedness contain financial maintenance tests and restrictive covenants that restrict our ability to incur additional debt and limit the discretion of our management over various business matters. For example, the VM Credit Facility requires us to maintain a senior net leverage ratio and a total net leverage ratio as described under “*Description of Other Debt*”, and the restrictive covenants impact our ability to:

- pay dividends or make other distributions, or redeem or repurchase equity interests or subordinated obligations;

- make investments;
- sell assets, including the capital stock of subsidiaries;
- enter into certain sale and leaseback transactions and certain vendor financing arrangements;
- create liens;
- enter into agreements that restrict our subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
- merge or consolidate or transfer all or substantially all of our assets; and
- enter into certain transactions with affiliates.

These limitations are subject to significant exceptions and qualifications, including the ability to pay dividends, make investments or to make significant prepayments of shareholder debt. However, these covenants could limit our ability to finance our future operations and capital needs and our ability to pursue business opportunities and activities that may be in our interest. In addition, our ability to comply with the provisions of our debt instruments may be affected by events beyond our control.

If we breach any of these covenants, or are unable to comply with the required financial ratios, we may be in default under our debt instruments. A significant portion of our indebtedness may then become immediately due and payable, and we may not have sufficient assets to repay amounts due thereunder. In addition, any default under these facilities could lead to an event of default and acceleration under other debt instruments that contain cross default or cross acceleration provisions, including the indentures governing the Existing Senior Secured Notes and the Existing Senior Notes.

These restrictions could also materially adversely affect our ability to finance future operations or capital needs or to engage in other business activities that may be in our best interests. We may also incur other indebtedness in the future that may contain financial or other covenants more restrictive than those applicable under our current indebtedness.

***The Senior Secured Notes Issuer is a finance company, the Senior Notes Issuer is a holding company and some of the Guarantors are holding companies or finance companies, and are dependent upon cash flow from group subsidiaries to meet their obligations.***

The Senior Secured Notes Issuer is a finance company, the Senior Notes Issuer is a holding company and some of the Guarantors are holding companies, or finance companies, with no independent operations or significant assets other than investments in their subsidiaries. Each of these companies depends upon the receipt of sufficient funds from its subsidiaries or other members of the Virgin Media Group to meet its obligations.

The terms of our VM Credit Facility and other indebtedness limit the payment of dividends, loan repayments and other distributions to or from these companies under certain circumstances. Various agreements governing our debt may restrict and, in some cases, may also prohibit the ability of these subsidiaries to move cash within their restricted group. Applicable tax laws may also subject such payments to further taxation.

Applicable law may also limit the amounts that some of our subsidiaries will be permitted to pay as dividends or distributions on their equity interests or as loans, or even prevent such payments.

***We are subject to currency and interest rate risks.***

We are subject to currency exchange rate risks because substantially all of our revenues and operating expenses are paid in pounds sterling, but we pay interest and principal obligations with respect to a portion of our indebtedness in U.S. dollars and euros. To the extent that the pound sterling declines in value against the U.S. dollar and the euro, the effective cost of servicing our U.S. dollar and euro-denominated debt will be higher. Changes in the exchange rate result in foreign currency gains or losses.

We are also subject to interest rate risks as we have interest determined on a variable basis, either through unhedged variable rate debt or derivative hedging contracts. We also incur costs in U.S. dollars and euros in the ordinary course of our business, including for customer premises equipment and network maintenance services. Any deterioration in the value of the pound relative to the U.S. dollar or the euro could cause an increase in the effective cost of purchases made in these currencies as only part of these exposures are hedged.

***We are subject to tax in more than one tax jurisdiction and our structure poses various tax risks.***

We are subject to taxation in multiple jurisdictions, in particular the U.S. and the U.K. Our effective tax rate and tax liability will be affected by a number of factors in addition to our operating results, including the amount of taxable income in particular jurisdictions, the tax rates in those jurisdictions, tax treaties between jurisdictions, the manner in which and extent to which we transfer funds to and repatriate funds from our subsidiaries, accounting standards and changes in accounting standards, and future changes in the law. We may incur losses in one jurisdiction that cannot be offset against income earned in a different jurisdiction and so we may pay income taxes in one jurisdiction for a particular period even though on an overall basis we incur a net loss for that period.

Although substantially all of our revenue and operating income is generated outside the U.S., the majority of our subsidiaries remain subject to potential current U.S. income tax on their income due their being owned through U.S. corporations. Our worldwide effective tax rate is reduced under a provision in U.S. tax law that defers the imposition of U.S. tax on certain foreign active income until that income is repatriated to the U.S. for a majority of our subsidiaries. Any repatriation of assets through our U.S. ownership currently held by these jurisdictions or recognition of income that fails to meet the U.S. tax requirements related to deferral of U.S. income tax may result in a higher effective tax rate for our company. This includes what is typically referred to as “Subpart F Income,” which generally includes, but is not limited to, such items as interest, dividends, royalties, gains from the disposition of certain property, certain currency exchange gains in excess of currency exchange losses, and certain related party sales and services income. While the company may mitigate this increase in its effective tax rate through claiming a foreign tax credit against its U.S. federal income taxes or potentially have foreign or U.S. taxes reduced under applicable income tax treaties, we are subject to various limitations on claiming foreign tax credits or we may lack treaty protections that will potentially limit any reduction of the increased effective tax rate.

***We may have exposure to additional tax liabilities.***

We are subject to income taxes as well as non-income based taxes in multiple jurisdictions, such as payroll, sales, use, value-added, net worth, property and goods and services taxes, mainly in the U.K. and U.S. Significant judgment is required in determining our worldwide provision for income taxes and other tax liabilities. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. We are subject to audit by tax authorities in all jurisdictions in which we operate. Although we believe that our tax estimates are reasonable, (i) there is no assurance that the final determination of tax audits or tax disputes will not be different from what is reflected in our historical income tax provisions, expense amounts for non-income based taxes and accruals and (ii) any material differences could have an adverse effect on our financial position and results of operations in the period or periods for which determination is made.

On March 19, 2014, the U.K. government announced a change in legislation with respect to the charging of VAT in connection with prompt payment discounts such as those that we offer to our fixed-line telephony customers. The changes, which took effect on May 1, 2014, impacted our company and some of our competitors. We currently believe that this legislative change will result in a reduction in revenue and operating income of approximately £28 million to £30 million from the effective date of May 1, 2014 through the end of 2014. As a result of this legislation, our revenue was £7.3 million and £10.8 million lower during the second and third quarters of 2014, respectively, as compared to the corresponding prior year periods. Recent correspondence from the U.K. government indicates that it may seek to challenge our application of the prompt payment discount rules prior to the May 1, 2014 change in legislation. If such a challenge were to be issued by the U.K. government, we could be required to make a payment of the challenged amount in order to make an appeal. We currently estimate that the challenged amount could be up to approximately £65 million before any interest on such amount or penalties (which could be significant). Any challenge and subsequent appeal would likely be subject to court proceedings that could delay the ultimate resolution of this matter for an extended period of time. No portion of this potential exposure has been accrued by our company as no claim has been asserted or assessed and the likelihood of loss is not considered to be probable.

***Our ability to use net operating loss carryforwards to offset future taxable income for U.S. federal income tax purposes will be subject to limitation as a result of the LG/VM Transaction.***

In general, under Section 382 of the Code a corporation that undergoes an “ownership change” is subject to limitations on its ability to utilize its pre-change net operating losses (“NOLs”) to offset future taxable income for U.S. federal income tax purposes. In general, an ownership change occurs if the aggregate stock

ownership of certain stockholders increases by more than 50 percentage points over such stockholders' lowest percentage ownership during the testing period (generally three years).

As of June 7, 2013, Virgin Media had approximately £503.3 million of NOLs, and its dual resident subsidiaries (subsidiaries that are resident of both the U.S. and the U.K. for income tax purposes) had approximately £521.2 million of NOLs, in each case, that are subject to limitation under Section 382 of the Code. These NOLs will expire between 2019 and 2033.

The LG/VM Transaction resulted in an ownership change of Virgin Media and its dual resident subsidiaries under Section 382 of the Code. This ownership change limited our ability to utilize these pre-change NOLs. Upon an ownership change, Section 382 of the Code imposes an annual limitation on the amount of NOLs that may be used to offset future taxable income for U.S. federal income tax purposes. The amount of the annual limitation generally is equal to the aggregate value of the Predecessor's common stock (or, in the case of dual resident subsidiaries, the aggregate value of their common stock) that was outstanding immediately prior to the LG/VM Transaction, multiplied by the adjusted federal tax-exempt rate, set by the IRS. Limitations imposed on the ability to use NOLs to offset future taxable income could cause U.S. federal income taxes to be paid by us and our dual resident subsidiaries earlier than they otherwise would be paid if such limitations were not in effect and could cause such NOLs to expire unused, in each case, reducing or eliminating the benefit of such NOLs. Similar rules and limitations may apply for state income tax purposes.

***Adverse changes in our financial outlook may result in negative or unexpected tax consequences which could adversely affect our net income.***

During 2012, we recognized a gain on reversing a significant portion of the valuation allowance on our deferred tax assets. Future adverse changes in the underlying profitability and financial outlook of our operations could cause us to change our judgment and establish an additional valuation allowance on our deferred tax assets, which could materially and adversely affect our consolidated balance sheets and statements of operations. A change in this valuation allowance will not result in any change to the amount of cash payments we make to the tax authorities.

***Strategic transactions present many risks, and we may not realize the financial and strategic goals that were contemplated at the time of any transaction.***

From time to time we have made acquisitions, dispositions and have entered into other strategic transactions, such as the LG/VM Transaction and the proposed UPC Ireland Acquisition. In connection with such transactions, we may incur unanticipated expenses, fail to realize anticipated benefits and synergies, have difficulty integrating the combined businesses, disrupt relationships with current and new employees, customers and suppliers, incur significant indebtedness, or experience delays or fail to proceed with announced transactions. These factors could have a material adverse effect on our business and/or our reputation.

**Risks Relating to Our Management, Principal Shareholder and Related Parties**

***The loss of certain key personnel could harm our business.***

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

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

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

## **Risks Relating to the Senior Secured Notes**

***The value of the Collateral securing our senior secured indebtedness, including the Senior Secured Notes, may not be sufficient to satisfy our obligations under the Senior Secured Notes.***

No appraisal of the value of the security securing the Senior Secured Notes has been made in connection with this offering, and the fair market value of the Collateral is subject to fluctuations based on factors that include, among others, general economic conditions and similar factors. The amount to be received upon a sale of the Collateral would be dependent on numerous factors, including, but not limited to, the actual fair market value of the Collateral at such time, the timing and the manner of the sale and the availability of buyers. By its nature, portions of the Collateral may be illiquid and may have no readily ascertainable market value. In the event of a foreclosure, liquidation, bankruptcy or similar proceeding, the security may not be sold in a timely or orderly manner. The proceeds from any sale or liquidation of the security will generally be used to repay all senior secured indebtedness, including the outstanding amounts under our VM Credit Facility, the Existing Senior Secured Notes and the Senior Secured Notes offered hereby on a pro rata basis, and may not be sufficient to pay our obligations under the Senior Secured Notes.

***The Collateral securing the Senior Secured Notes is subject to casualty risks.***

Some of the Collateral securing the Senior Secured Notes is either uninsurable or not economically insurable, in whole or in part. Consequently, we may not be fully compensated by insurance proceeds for any losses we may suffer. If there is a complete or partial loss of any of the pledged security, our insurance proceeds may not be sufficient to satisfy the secured obligations, including our VM Credit Facility, the Existing Senior Secured Notes and the Senior Secured Notes offered hereby.

***The Senior Secured Notes will be secured over substantially the same assets that secure our VM Credit Facility and the Existing Senior Secured Notes and will share in any enforcement proceeds on a pari passu basis.***

The rights of holders of the Senior Secured Notes with respect to the security will be subject to our Group Intercreditor Deed. Under the Group Intercreditor Deed, any enforcement actions that may be taken with respect to the security will be controlled by the security trustee. The security trustee is required to take enforcement action upon receiving instructions from an instructing group of holders of a majority of the aggregate outstanding principal amount of all our liabilities that qualify as senior liabilities under our Group Intercreditor Deed which includes any Existing Senior Secured Notes that remain outstanding, the Senior Secured Notes and borrowings under the VM Credit Facility. As a result, in the event of a default, we anticipate that actions relating to enforcement of the security may not be controlled by holders of the Senior Secured Notes.

Our VM Credit Facility, the indentures for our Existing Senior Secured Notes and the Senior Secured Notes Indenture that will govern the Senior Secured Notes, permit us to issue additional series of notes or other indebtedness that will also share in the security. Accordingly, if we issue additional senior secured indebtedness in the future which, taken together with any Existing Senior Secured Notes and the outstanding borrowings under the VM Credit Facility, represents a majority of the aggregate outstanding principal amount of all our liabilities that qualify as senior liabilities under our Group Intercreditor Deed, the holders of such other senior secured indebtedness may acquire the right to direct the security trustee to take enforcement action ahead of the holders of the Senior Secured Notes.

***Holders of the Senior Secured Notes and Senior Secured Notes Guarantees will share all security equally and ratably with the lenders under our VM Credit Facility, our Existing Senior Secured Notes and certain additional secured indebtedness we will be permitted by the Senior Secured Notes Indenture to incur in the future. If there is a default, the value of that security may not be sufficient to repay the holders of the Senior Secured Notes and the lenders under such indebtedness.***

The Senior Secured Notes and the Senior Secured Notes Guarantees (other than the Senior Secured Notes Guarantee provided by Virgin Media) will be secured equally and ratably with the lenders under our VM Credit Facility, our Existing Senior Secured Notes and additional secured indebtedness permitted by the Senior Secured Notes Indenture to be incurred in the future, subject to compliance with covenants in our outstanding debt agreements. The Senior Secured Notes indenture will permit the incurrence of additional secured indebtedness, including additional notes, which would share the security equally and ratably with the Senior Secured Notes. As a result, if there is a default, the remaining security may not be sufficient to repay the holders of the Senior Secured Notes and the lenders under any such additional secured indebtedness.

***There are circumstances other than repayment or discharge of the Senior Secured Notes under which the security will be released, without your consent.***

The security for the benefit of the Senior Secured Notes may be released under various circumstances, including upon a sale or other disposal permitted by the terms of the Senior Secured Notes Indenture, upon a release of such security under our VM Credit Facility, upon any release in connection with an Enforcement Sale (as defined in the “*Description of the Senior Secured Notes*”) by the Security Trustee pursuant to the terms of our Group Intercreditor Deed acting at the direction of the relevant instructing party thereunder or, in the case of Collateral owned by a Senior Secured Notes Guarantor, when such Senior Secured Notes Guarantor is released from its Senior Secured Notes Guarantee in accordance with the Senior Secured Notes Indenture. The Senior Secured Notes Indenture also permits amendments to any Security Documents or the provisions of the Senior Secured Notes Indenture dealing with Security Documents, which are, taken as a whole, materially adverse to the holders or otherwise release of all or substantially all of the Collateral with the consent of at least 75% of the aggregate principal amount of the Senior Secured Notes. In addition, in connection with any additional secured indebtedness that can be incurred, the security may be released and retaken which may lead to renewed hardening periods in various jurisdictions and may limit your recovery in an enforcement proceeding.

***Your rights in the security may be adversely affected by the failure to perfect certain security interests in the future.***

Applicable law requires that certain property and rights acquired after the grant of a general security interest can only be perfected at the time such property and rights are acquired and identified. The Trustee or the Security Trustee will not monitor, or we may not inform the Trustee or the Security Trustee of, the future acquisition of property and rights that constitute security, and necessary action may not be taken to properly perfect such after-acquired security interest. The Trustee for the Senior Secured Notes has no obligation to monitor the acquisition of additional property or rights that constitute security or the perfection of any security interest in favor of the guarantees of the Senior Secured Notes against third parties. Such failure may result in the loss of the security interest therein or the priority of the security interest in favor of the Senior Secured Notes against third parties.

***Certain assets are excluded from the security.***

Certain assets are excluded from the security for the benefit of the Senior Secured Notes, including:

- any security for purchase money indebtedness or capitalized lease obligations;
- any assets secured pursuant to certain liens permitted under the Senior Secured Notes indenture which will govern the Senior Secured Notes;
- interests in certain excluded subsidiaries, non-recourse special purpose vehicles and joint ventures; and
- any assets that are expressly excluded from the collateral securing our VM Credit Facility or any other indebtedness ranking pari passu with the Senior Secured Notes and our VM Credit Facility which is outstanding from time to time.

If an event of default occurs and the Senior Secured Notes are accelerated, the Senior Secured Notes will rank equally with all of our other unsecured and unsecured indebtedness and other liabilities with respect to such excluded assets. As a result, if the value of the security granted in respect of the Senior Secured Notes and the Senior Secured Notes Guarantees is less than the value of the claims of the holders of the Senior Secured Notes, no assurance can be provided that the holders of the Senior Secured Notes would receive any substantial recovery from the excluded assets.

### **Risks Relating to the Senior Notes**

***The right of holders of the Senior Notes to receive payments on the Senior Notes is effectively subordinated to the rights of our existing and future secured creditors, and any recovery must be shared ratably with holders of our Existing Senior Notes.***

The holders of the secured obligations of the Senior Notes Issuer, including the secured guarantees of the obligations of the Senior Notes Subsidiaries Guarantors under the VM Credit Facility, the Existing Senior Secured Notes and the Senior Secured Notes offered hereby as well as any future indebtedness permitted to be secured under the Senior Notes Indenture, will have claims that are prior to your claims as holders of the Senior Notes to the extent of the value of the assets securing those other obligations. Specifically, the Senior Notes Issuer’s senior secured guarantees with respect to the VM Credit Facility, the Existing Senior Secured Notes and

the Senior Secured Notes are secured by liens on the Senior Notes Issuer's shares of VMIH and VMIL and liens on any receivables that VMIH and VMIL will owe the Senior Notes Issuer under any intercompany loans.

In the event of any distribution of the Senior Notes Issuer's assets or payment in any foreclosure, dissolution, winding-up, liquidation, reorganization or other bankruptcy, secured obligations will be paid first, up to the value of assets securing those obligations, and then holders of the Senior Notes will participate ratably with all holders of the Senior Notes Issuer's unsecured indebtedness that is deemed to be of the same ranking as the Senior Notes (including holders of the Existing Senior Notes) in any distribution of our remaining assets. In any of the foregoing events, we cannot assure you that there will be sufficient assets to pay amounts due on the Senior Notes. As a result, holders of Senior Notes may receive less, ratably, than holders of the Senior Notes Issuer's secured obligations.

***You may not be able to enforce the senior subordinated guarantees by Senior Notes Subsidiary Guarantors due to the subordination and restrictions on enforcement of those guarantees.***

The guarantees of the Senior Notes by the Senior Notes Subsidiary Guarantors constitute senior subordinated indebtedness of Senior Notes Subsidiary Guarantors and will be subordinated to all senior indebtedness of VMIH and VMIL, including indebtedness under our VM Credit Facility, the Existing Senior Secured Notes and the Senior Secured Notes offered hereby. You will not be able to collect under the senior subordinated guarantees from VMIH or VMIL until the claims under our VM Credit Facility, the Existing Senior Secured Notes, the Senior Secured Notes offered hereby and other senior indebtedness of that subsidiary designated as senior debt have been satisfied in full. VMIH and VMIL may not have sufficient funds remaining to pay all amounts owing under their senior subordinated guarantees after satisfying these more senior claims.

If a payment default occurs under our VM Credit Facility, the Existing Senior Secured Notes, the Senior Secured Notes or other designated senior debt, the Senior Notes Subsidiary Guarantees will not become due and the Senior Notes Subsidiary Guarantors will not be permitted to make any payments on the Senior Notes or under any intercompany debt owed to the Senior Notes Issuer unless the payment default has been cured or waived.

If an event of default, other than a payment default, occurs and is continuing under our VM Credit Facility, the Existing Senior Secured Notes, the Senior Secured Notes or other designated senior debt, VMIH and VMIL could be blocked from making payments to the Senior Notes Issuer to service payments due under the Senior Notes pursuant to their senior subordinated guarantees or under any intercompany debt owed to the Senior Notes Issuer for a period of up to 179 days following notice of that default.

If a payment default occurs in respect of the Senior Notes, the senior subordinated guarantees of VMIH and VMIL will not become due and no action to enforce VMIH's or VMIL's obligations under the senior subordinated guarantees or under any intercompany debt owed to the Senior Notes Issuer can be taken until 179 days after the payment default occurred, except in the event of:

- full discharge of all amounts outstanding under our VM Credit Facility;
- insolvency of the senior subordinated guarantors;
- acceleration of the obligations under our VM Credit Facility, the Existing Senior Secured Notes, the Senior Secured Notes or other designated senior debt; or
- an enforcement action with respect to our VM Credit Facility, the Existing Senior Secured Notes, the Senior Secured Notes or other designated senior debt.

This standstill period benefits the creditors under our VM Credit Facility, the Existing Senior Secured Notes, the Senior Secured Notes or any other designated senior debt. This period may disadvantage the holders of the Senior Notes in the event that the Senior Notes Issuer experiences financial difficulties since it would be advantageous to holders of Senior Notes to be able to enforce the senior subordinated guarantees immediately. Before the senior subordinated guarantees become due, neither holders of Senior Notes nor the Trustee under the Senior Notes Indenture may initiate suit, seek other judicial relief, foreclose or otherwise exercise dominion over assets or properties or initiate insolvency proceedings against VMIH or VMIL.

The subordinated guarantees are subject to release under some circumstances, including upon any sale or disposition of the capital stock of VMIH or VMIL, which is pledged under our VM Credit Facility, the Existing Senior Secured Notes and the Senior Secured Notes offered hereby.

See "*Description of the Senior Notes—Note Guarantees—Subordination of the Subsidiary Guarantees.*"



## **Risks Relating to the Senior Secured Notes and Senior Notes**

***There are circumstances other than repayment or discharge of the Notes under which the Guarantees will be released automatically, without your consent.***

Each Guarantee by a Subsidiary Guarantor will be automatically and unconditionally released and discharged, and each Subsidiary Guarantor and its obligations under such Guarantee, the Indenture and the Intercreditor Deeds will be released and discharged in certain circumstances including, without limitation, certain sales, exchanges, transfers or dispositions of such Guarantor (resulting in such Guarantor no longer being a restricted subsidiary) or all or substantially all of the assets of such Guarantor, or the release or discharge of the Guarantee given by that Subsidiary Guarantor under the VM Credit Facility, the Existing Senior Secured Notes, the Senior Secured Notes offered hereby and other secured indebtedness that ranks pari passu with the Senior Secured Notes and the Senior Secured Notes Guarantees. In addition, a Guarantee may be released in connection with a Post-Closing Reorganization (as defined in the “*Description of the Senior Secured Notes*” and “*Description of the Senior Notes*”) or, in the case of a Guarantee by a Parent Guarantor, if such Parent Guarantor ceases to be Parent of Virgin Media Communications. See “*Description of the Senior Secured Notes—Guarantees—Releases*”, “*Description of the Senior Notes—Note Guarantees—Parent Guarantees—Release of the Parent Guarantees*” and “*Description of Senior Notes—Note Guarantees—Parent Guarantees—Release of the Parent Guarantees*”. Furthermore, any Guarantee may be released with the consent of at least 75% in aggregate principal amount of the respective Notes. As a result of these and other provisions in the guarantees, you may not be able to recover any amounts from the guarantors under the guarantees in the event of a default on the Notes and certain of the guarantees may be released without any recovery being available.

***The Notes are each be structurally subordinated to the liabilities of non-Guarantor subsidiaries.***

Some, but not all, of our subsidiaries will guarantee the Notes. In addition, the Indentures will, subject to certain limitations, permit these non-Guarantors to incur additional indebtedness, which may also be secured, and will not contain any limitation on the amount of other liabilities, such as trade payables, that may be incurred by these subsidiaries. Consequently, creditors of such additional indebtedness are entitled to payments of their claims from the assets of such non-Guarantors before these assets are made available for distribution to any Guarantor. Moreover, in the event that any of the non-Guarantors becomes insolvent, liquidates or otherwise reorganizes, the creditors of the Guarantors (including the holders of the Notes) will have no right to proceed against such subsidiary’s assets and creditors of such non-Guarantors will generally be entitled to payment in full from the sale or other disposal of the assets of such subsidiary before any Guarantor will be entitled to receive any distributions from such subsidiary. As such, the Notes and each Guarantee will each be structurally subordinated to the creditors (including trade creditors) and preference shareholders (if any) of our non-Guarantor subsidiaries.

***Insolvency laws and other limitations on the Guarantees may adversely affect their validity and enforceability.***

The Issuers, certain of the Guarantors, and certain of the restricted subsidiaries are incorporated under the laws of England and Wales. Accordingly, insolvency proceedings with respect to any of those entities would be likely to proceed under, and be governed by, English insolvency law. Further, several Guarantors are incorporated under Scottish law. Insolvency proceedings with respect to such Scottish Guarantors could be required to proceed under the laws of the jurisdiction in which its “centre of main interests,” as defined in the relevant European Union regulation, is situated at the time insolvency proceedings are commenced. Although there is a rebuttable presumption that the “centre of main interests” will be in the jurisdiction of incorporation, this presumption is not conclusive. In addition, English or Scottish insolvency law may not be as favorable to investors as the laws of the United States or other jurisdictions with which investors are familiar. In addition, several Guarantors are incorporated under Colorado or Delaware law.

Although laws differ among jurisdictions, in general, applicable insolvency laws in such jurisdictions and limitations on the enforceability of judgments obtained in New York courts would limit the enforceability of judgments against the Issuers and the Guarantors. The following discussion of insolvency law, although an overview, describes generally applicable terms and principles, which are defined under the relevant jurisdictions’ insolvency statutes.

In an insolvency proceeding, it is possible that creditors of the Guarantors or appointed insolvency administrator may challenge the Guarantees, and intercompany obligations generally, as fraudulent transfers or conveyances or on other grounds. If so, such laws may permit a court, if it makes certain findings, to:

- avoid or invalidate all or a portion of a Guarantor's obligations under its guarantee provided by such Guarantor;
- direct that holders of the Notes return any amounts paid under a Guarantee to the relevant Guarantor or to a fund for the benefit of the Guarantor's creditors; and
- take other action that is detrimental to holders of the Notes.

We cannot assure you which standard a court would apply in determining whether a Guarantor was "insolvent" as of the date the guarantees were issued or that, regardless of the method of valuation, a court would not determine that a Guarantor was insolvent on that date, or that a court would not determine, regardless of whether or not a Guarantor was insolvent on the date its Guarantee was issued, that payments to holders of the Notes constituted fraudulent transfers on other grounds.

Furthermore, under English insolvency law, some of our subsidiaries' debts may be entitled to priority, including amounts owed in respect of various U.K. social security contributions, amounts owed in respect of occupational pension schemes, certain amounts owed to employees and liquidation expenses.

***Laws relating to preferences, transactions at an undervalue and corporate benefit may adversely affect the validity and enforceability of payments under the Guarantees of the Notes by the Guarantors.***

The Issuers and a significant number of the Guarantors are incorporated under the laws of England and Wales. Under English insolvency law, the liquidator or administrator of a company may apply to the court to set aside a transaction entered into by that company within up to two years prior to it entering into relevant insolvency proceedings, if the company was unable to pay its debts, as defined in Section 123 of the U.K. Insolvency Act 1986, at the time of, or becomes unable to pay its debts as a consequence of, that transaction. For example, a transaction might be subject to a challenge if a company received no consideration or consideration of significantly less value than the benefit given by that company. A court generally will not intervene in these circumstances, however, if a company entered into the transaction in good faith for the purpose of carrying on its business and if at the time it did so there were reasonable grounds for believing the transaction would benefit the company. The Issuers cannot assure holders of the Notes that in the event of insolvency the guarantees by the entities incorporated in England and Wales would not be challenged by a liquidator or administrator or that a court would support our analysis that the guarantees have been entered into in good faith for the purposes described above.

If a court voided any Guarantee, or any payment thereunder, as a result of a transaction at an undervalue or a preference, or held it unenforceable for any other reason, you would cease to have any claim against the applicable Guarantor under its Guarantee. In the event that any Guarantee is invalid or unenforceable, in whole or in part, or to the extent the agreed limitation of the Guarantee obligations apply, the Notes would be effectively subordinated to all liabilities of the applicable Guarantor, and if we cannot satisfy our obligations under the Notes or any Guarantee is found to be a preference, fraudulent transfer or conveyance or is otherwise set aside, we cannot assure you that we can ever repay in full any amounts outstanding under the Notes.

***An active trading market may not develop for the Notes and the price of the Notes may fluctuate.***

An application to list the Notes to the Official List of the Luxembourg Stock Exchange and for the admission of the Notes to trading on the Euro MTF market of the Luxembourg Stock Exchange has been made, but we cannot assure you that the Notes will remain listed. The Notes constitute a new issue of securities with no established trading market. If a trading market does not develop or is not maintained, holders of the Notes may experience difficulty in reselling the Notes or may be unable to sell them at all. Accordingly, we cannot assure holders that an active trading market for the Notes will develop or, if a market develops, as to the liquidity of the market.

The liquidity of any market for the Notes will depend on the number of holders of the Notes, the interest of securities dealers in making a market in the Notes and other factors. Accordingly, we cannot assure you as to the development or liquidity of any market for the Notes. If an active trading market does not develop, the market price and liquidity of the Notes may be adversely affected. If the Notes are traded, they may trade at a discount from their initial issue price depending upon prevailing interest rates, the market for similar securities, general economic conditions, our performance and business prospects and certain other factors.

Factors including the following may have a significant effect on the market price of the Notes:

- actual or anticipated fluctuations in our operating results, including our ability to generate cash flow from operations;
- our perceived business prospects;
- our ability or perceived ability to access capital markets and other sources of financing in the future;
- general economic conditions, including prevailing interest rates; and
- the market for similar securities.

***Virgin Media and certain other holding companies will not be subject to the covenants in the Indentures.***

Virgin Media will guarantee both the Senior Secured Notes and the Senior Notes, but will not be directly subject to the covenants in the Indentures. As a result, neither of the Indentures will restrict the ability of Virgin Media to incur additional debt (secured or unsecured), sell, encumber or dispose of assets, pay dividends, make other distributions or enter into transactions with its affiliates. In addition, certain intermediate holding companies are not parties to either the Senior Secured Notes Indenture or the Senior Notes Indenture, and so are not subject to these restrictions. Any such transactions by any of these entities could have a material adverse effect on the ability of Virgin Media to make payments in respect of its guarantee of the Senior Secured Notes and the Senior Notes, as applicable.

***We may not be able to obtain the funds required to repurchase the Senior Secured Notes and the Senior Notes upon a change of control.***

The Indentures will contain provisions relating to certain events constituting a “change of control” of the relevant Issuer. Upon the occurrence of a change of control, we will be required to offer to repurchase all outstanding Senior Secured Notes and Senior Notes at a price equal to 101% of their principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to the date of repurchase. If a change of control were to occur, we cannot assure you that we would have sufficient funds available at such time, or that we would have sufficient funds to provide to the Issuers to pay the purchase price of the outstanding Senior Secured Notes or the Senior Notes or that the restrictions in the VM Credit Facility, the indentures in relation to the Existing Notes, Indentures, or our other than existing contractual obligations would allow us to make such required repurchases. A change of control may result in an event of default under, or acceleration of, the VM Credit Facility, the Existing Notes and other indebtedness. The repurchase of the Senior Secured Notes and the Senior Notes pursuant to such an offer could cause a default under such indebtedness, even if the change of control itself does not. The ability of either of the Issuers to receive cash from their respective subsidiaries or other members of the Virgin Media Group to allow them to pay cash to the holders of the Senior Secured Notes or the Senior Notes, respectively, following the occurrence of a change of control, may be limited by our then existing financial resources. Sufficient funds may not be available when necessary to make any required repurchases. If an event constituting a change of control occurs at a time when we are prohibited from providing funds to the Issuers for the purpose of repurchasing the Notes, we may seek the consent of the lenders under such indebtedness to the purchase of the Notes or may attempt to refinance the borrowings that contain such prohibition. If such consent to repay such borrowings is not obtained, the Issuers will remain prohibited from repurchasing any Notes. In addition, we expect that we would require third-party financing to make an offer to repurchase the Senior Secured Notes and the Senior Notes upon a change of control. We cannot assure you that we will be able to obtain such financing. Any failure by the Issuers to offer to purchase the Senior Secured Notes and the Senior Notes, as applicable, would constitute a default under each of the Senior Secured Notes Indenture and the Senior Notes Indenture, respectively, which would, in turn, constitute a default under the VM Credit Facility. See “*Description of the Senior Secured Notes—Change of Control*” and “*Description of the Senior Notes—Change of Control*.”

The change of control provision contained in the Indentures may not necessarily afford you protection in the event of certain important corporate events, including a reorganization, restructuring, merger, a spin-off of the reference entity for purposes of the definition of “Change of Control” to the shareholders in proportion to their shareholdings in such reference entity or other similar transaction involving us that may adversely affect you, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a “Change of Control” as defined in the relevant Indenture. Except as described under “*Description of the Senior Secured Notes—Change of Control*” and “*Description of the Senior Notes—Change of Control*,” each Indenture will not contain provisions that would require the Issuer to offer to repurchase or redeem the relevant Notes in the event of a reorganization, restructuring, merger, recapitalization, spin-off or similar transaction.

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

***The Indentures permit us to dispose of our assets and business relating to our business division.***

The Indentures permit us to sell the assets relating to our business division or to contribute them to a joint venture. In each such case, business division assets would no longer be held by an entity that is subject to the covenants contained in the Indentures. As a result, we may undertake transactions related to these assets (such as selling them or securing debt on them) which will not be subject to the limitations of the covenants, and we would potentially lose access to all or a portion of the cash flows generated by these assets as well as the value of these assets.

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

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

***The Notes are subject to restrictions on transfer within the United States or to U.S. persons and may be subject to transfer restrictions under the laws of other jurisdictions.***

The Notes offered hereby have not been registered under the U.S. Securities Act and are subject to restrictions on transferability and resale. The Notes are being offered in reliance upon an exemption from registration under the U.S. Securities Act and applicable state securities laws. Therefore, the Notes may be transferred or resold only in a transaction registered under or exempt from the U.S. Securities Act and applicable state securities laws. Please see “*Transfer Restrictions*”. It is the obligation of holders of the Notes to ensure that their offers and sales of the Notes within the United States and other countries comply with applicable securities laws.

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

The Notes are denominated and payable in U.S. dollars, euro and pounds sterling. If you measure your investment returns by reference to a currency other than that of the Notes you purchase, an investment in the Notes entails foreign exchange-related risks, including possible significant changes in the value of U.S. dollars, euro or pounds sterling relative to the currency by reference to which you measure your investment returns because of economic, political and other factors over which we have no control. Depreciation of the U.S. dollar, euro or pound sterling against the currency by reference to which you measure your investment returns could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to you when the return on the Notes is translated into the currency by reference to which you measure your investment returns. There may be tax consequences for you as a result of any foreign exchange gains resulting from any investment in the Notes and you should consult with your own tax advisors regarding any such tax consequences.

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

Unless and until definitive notes are issued in exchange for book-entry interest in the Notes, owners of the book-entry interests will not be considered owners or holders of Notes. Instead, a nominee of DTC will be the sole holder of the dollar denominated Notes and the common depositary for Euroclear and Clearstream will be the sole holder of the euro and sterling denominated Notes.

Payments of amounts owing in respect of the global notes (including principal, premium, interest, additional interest and additional amounts) will be made by us to the paying agent. The paying agent will, in turn, make such payments to DTC or its nominee (in respect of the dollar denominated Notes) and to the common depositary for Euroclear and Clearstream (in respect of the euro and sterling denominated Notes), which will distribute such payments to participants in accordance with their respective procedures.

Unlike holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon solicitations for consents or requests for waivers or other actions from holders of the Notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from DTC, Euroclear and/or Clearstream or, if applicable, from a participant. The Issuers cannot assure you that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any requested actions on a timely basis.

The lack of physical certificates could also:

- result in payment delays on your certificates because the Trustee will be sending distributions on the certificates to DTC, Euroclear and/or Clearstream instead of directly to you;
- make it difficult for you to pledge your certificates if physical certificates are required by the party demanding the pledge; and
- hinder your ability to resell your certificates because some investors may be unwilling to buy certificates that are not in physical form.

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

The Issuers are public limited companies incorporated under the laws of England and Wales with their registered office and principal place of business in England. Although the Issuers' parent, Virgin Media, is a U.S. entity with its principal executive offices in the United States, substantially all of its assets are located outside the United States. All or substantially all of the assets of the Issuers and their subsidiaries are located outside the United States. As a result, it may not be possible for you to enforce in the United States judgments of U.S. courts predicated upon the civil liability provisions of the securities laws of the United States.

It is questionable whether an English court would accept jurisdiction and impose civil liability if proceedings were commenced in England predicated solely upon U.S. federal securities laws. See *"Enforceability of Civil Liabilities."*

***The Notes may be treated as issued with original issue discount for U.S. federal income tax purposes.***

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

***Employee benefit plan considerations.***

Each acquirer and each transferee of a Note or any interest therein will be deemed to have represented, warranted and agreed at the time of its acquisition and throughout the period that it holds such Note or any interest therein that (i) either (a) it is not, and is not acting on behalf of (and for so long as such acquirer or transferee holds such Note or any interest therein will not be, and will not be acting on behalf of), a Benefit Plan Investor (as defined under *"Certain Employee Benefit Plan Considerations"*) or a governmental, church or non-U.S. plan which is subject to any Similar Laws (as defined under *"Certain Employee Benefit Plan Considerations"*), and no part of the assets used by it to acquire or hold any Note or any interest therein constitutes the assets of any Benefit Plan Investor or any such governmental, church or non-U.S. plan, or (b) its acquisition, holding and disposition of such Note does not and will not constitute or otherwise result in a non-

exempt prohibited transaction under Section 406 of ERISA (as defined under “*Certain Employee Benefit Plan Considerations*”) and/or Section 4975 of the Code (or, in the case of a governmental, church or non U.S. plan, a non-exempt violation of any Similar Laws); and (ii) neither the Issuer nor any of its affiliates is a fiduciary (within the meaning of section 3(21) of ERISA or Section 4975 of the Code (or, with respect to a governmental, church or non-U.S. plan, any definition of “fiduciary” under “Similar Laws,”) with respect to the purchaser or holder in connection with any purchase or holding of the Notes, or as a result of any exercise by the Issuer or any of its affiliates of any rights in connection with the Notes, and no advice provided by the Issuer or any of its affiliates has formed a primary basis for any investment decision by or on behalf of the purchaser or holder in connection with the Notes and the transactions contemplated with respect to the Notes. See “*Certain Employee Benefit Plan Considerations*” herein for a more detailed discussion of certain ERISA and related considerations with respect to an investment in the Notes.

## **USE OF PROCEEDS**

The net proceeds from the offering were £904.8 million (equivalent) (after deducting an estimated £20.2 million (equivalent) of commissions and expenses associated with the offering of the Notes). The Issuers intend to use the net proceeds of the offering for general corporate purposes, which may include the funding of potential acquisitions, including, if consummated, the UPC Ireland Acquisition, and loans, distributions or other payments to the Issuers' indirect parent companies, the refinancing of certain existing indebtedness of the Issuers and their respective subsidiaries or the funding of the Special Optional Redemption.

## CAPITALIZATION

The following table sets forth, in each case as of September 30, 2014, (i) the actual consolidated cash and cash equivalents and capitalization of Virgin Media, (ii) the consolidated cash and cash equivalents and capitalization of Virgin Media on an as adjusted basis after giving effect to the October 2014 Refinancing and (iii) the consolidated cash and cash equivalents and capitalization of Virgin Media on an as adjusted basis after giving effect to the issuance of the Notes offered hereby and the use of proceeds therefrom.

This table should be read in conjunction with “Recent Developments”, “Use of Proceeds”, “Selected Consolidated Financial and Operating Data”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, “Description of Other Debt”, “Description of the Senior Secured Notes”, “Description of the Senior Notes” and the September 30, 2014 Condensed Consolidated Financial Statements included elsewhere in this listing particulars.

Any changes to the derivative instruments that Virgin Media uses to manage foreign currency or interest rate risk that may occur as a result of the issuance of the Notes or the 2024 VM Senior Notes have not been reflected in the as adjusted data presented in this table. Except as set forth in the footnotes to this table, there have been no material changes to Virgin Media’s cash and cash equivalents and third-party capitalization since September 30, 2014.

CASH AND CASH EQUIVALENTS AND CAPITALIZATION OF VIRGIN MEDIA	September 30, 2014		
	Actual	As Adjusted	
		October 2014 Refinancing (1)	January 2015 (2)
in millions			
<b>Total cash and cash equivalents (3)</b> .....	£ 30.8	£ 34.0	£ 34.0
<b>Debt (4):</b>			
Parent—VM Convertible Notes .....	£ 35.1	£ 35.1	£ 35.1
Subsidiaries:			
VM Credit Facility .....	3,013.6	3,013.6	3,013.6
2019 VM Dollar Senior Notes (5).....	339.3	—	—
2019 VM Sterling Senior Notes (5) .....	274.3	—	—
2024 VM Dollar Senior Notes (6).....	—	308.3	308.3
2024 VM Sterling Senior Notes (6) .....	—	300.0	300.0
Senior Notes offered hereby (7).....	—	—	625.0
Senior Secured Notes offered hereby (7) .....	—	—	300.0
Other Existing Senior Notes (8).....	754.1	754.1	754.1
Other Existing Senior Secured Notes (9) .....	3,732.7	3,732.7	3,732.7
Vendor financing.....	128.8	128.8	128.8
<b>Total debt</b> .....	8,277.9	8,272.6	9,197.6
Capital lease obligations .....	184.3	184.3	184.3
<b>Total debt and capital lease obligations</b> .....	8,462.2	8,456.9	9,381.9
<b>Total equity (10)</b> .....	8,993.2	9,009.8	9,009.8
<b>Total capitalization</b> .....	£ 17,455.4	£ 17,466.7	£ 18,391.7

- (1) The “As Adjusted—October 2014 Refinancing” amounts reflect the October 2014 Refinancing.
- (2) The “As Adjusted—January 2015” amounts reflect the October 2014 Refinancing and the issuance of the Notes offered hereby and the application of the proceeds therefrom.
- (3) The “As Adjusted” amounts reflects the use of the proceeds of the 2024 VM Senior Notes to (i) complete the October 2014 Refinancing, including the payment of the related estimated redemption premiums of £24.3 million (equivalent), (ii) pay the estimated fees and expenses of £14.6 million (equivalent) associated with the offering of the 2024 VM Senior Notes and (iii) increase the cash and cash equivalents of Virgin Media by £3.2 million. The “As Adjusted—January 2015” amount assumes that all of the net proceeds from the issuance of the Notes will be used to fund (i) the UPC Ireland Acquisition or (ii) a loan, distribution or other payment to Virgin Media’s direct and indirect parent companies.
- (4) The 2019 VM Dollar Senior Notes (£312.6 million (equivalent) aggregate principal amount outstanding at September 30, 2014), the 2019 VM Sterling Senior Notes (£253.5 million aggregate principal amount outstanding at September 30, 2014), the Other Existing Senior Secured Notes (£3,713.0 million



(equivalent) aggregate principal amount outstanding at September 30, 2014) and the Other Existing Senior Notes (£752.6 million (equivalent) aggregate principal amount outstanding at September 30, 2014) are presented together with applicable premiums.

- (5) The “*As Adjusted*” amounts reflect the October 2014 Refinancing.
- (6) The “*As Adjusted*” amounts reflect the issuance of the 2024 VM Dollar Senior Notes and the 2024 VM Sterling Senior Notes pursuant to the October 2014 Refinancing.
- (7) The “*As Adjusted—January 2015*” amounts reflect the issuance of the Notes offered hereby.
- (8) The other Existing Senior Notes comprise the 2022 VM Senior Notes and the 2023 VM Senior Notes.
- (9) The other Existing Senior Secured Notes comprise the January 2021 VM Senior Secured Notes, the April 2021 VM Senior Secured Notes, the 2025 VM Senior Secured Notes and the 2029 VM Senior Secured Notes.
- (10) The “*As Adjusted*” amounts reflects the net effect of (i) a decrease of £24.3 million related to the payment of the aggregate estimated redemption premiums associated with the 2019 VM Senior Notes, (ii) an increase of £47.5 million related to the write-off of the aggregate unamortized premium on the 2019 VM Senior Notes, (iii) a decrease of £2.1 million related to the write-off of deferred financing costs associated with the 2019 VM Senior Notes and (iv) a decrease of £4.5 million related to the net tax effects of the above items.

## SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA

The tables below set out selected financial and operating data of Virgin Media for the indicated periods. The historical consolidated balance sheet and statement of operations data have been derived from the September 30, 2014 Condensed Consolidated Financial Statements and December 31, 2013 Consolidated Financial Statements included elsewhere in this listing particulars. The comparability of Virgin Media's consolidated operating results is affected by the June 7, 2013 LG/VM Transaction, pursuant to which (i) Virgin Media became a wholly-owned subsidiary of Liberty Global as a result of a series of mergers and (ii) Liberty Global became the publicly-held parent company of the successors by merger of Old Virgin Media and LGI.

The September 30, 2014 Condensed Consolidated Financial Statements and December 31, 2013 Consolidated Financial Statements have been prepared in accordance with U.S. GAAP. The following information should be read in conjunction with "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", the September 30, 2014 Condensed Consolidated Financial Statements and the December 31, 2013 Consolidated Financial Statements. Our historical results do not necessarily indicate results that may be expected for any future period.

As a result of Liberty Global's push-down of its investment basis in Virgin Media arising from the LG/VM Transaction, a new basis of accounting was created on June 7, 2013. In the September 30, 2014 Condensed Consolidated Financial Statements, December 31, 2013 Consolidated Financial Statements and elsewhere herein, the results of operations and cash flows of Old Virgin Media for the periods ended on or prior to June 7, 2013 and the financial position of Old Virgin Media as of balance sheet dates prior to June 7, 2013 are referred to as "Predecessor" consolidated financial information and the results of operations and cash flows of Virgin Media for periods beginning on or after June 8, 2013 and the financial position of Virgin Media as of June 7, 2013 and subsequent balance sheet dates are referred to herein as "Successor" consolidated financial information.

In order to provide a more meaningful basis for comparing the results of operations for the nine months ended September 30, 2014 and the year ended December 31, 2013 to the corresponding prior year periods, we have presented financial information for the nine months ended September 30, 2013 and the year ended December 31, 2013 that reflects the combination of the results for the 2013 Predecessor and Successor periods. The combination of Predecessor and Successor periods is not permitted by U.S. GAAP and has not been prepared with a view towards complying with Article 11 of Regulation S-X.

	Nine months ended September 30,		Year ended December 31,		
	2014	2013	2013	2012 (a)	2011
	in millions				
<b>Virgin Media Consolidated Statements of Operations</b>					
<b>Data:</b>					
Revenue .....	£3,145.0	£3,092.0	£ 4,120.4	£4,100.5	£3,991.8
Operating costs and expenses:					
Operating (other than depreciation and amortization) .....	1,355.7	1,423.9	1,897.1	1,872.9	1,866.6
Selling, general and administrative (including share-based compensation) .....	459.6	482.2	636.2	574.2	535.3
Depreciation and amortization .....	1,182.9	937.0	1,343.0	966.4	1,046.4
Impairment, restructuring and other operating items, net ...	14.3	78.2	87.7	(11.8)	6.8
	<u>3,012.5</u>	<u>2,921.3</u>	<u>3,964.0</u>	<u>3,401.7</u>	<u>3,455.1</u>
Operating income .....	<u>132.5</u>	<u>170.7</u>	<u>156.4</u>	<u>698.8</u>	<u>536.7</u>
Non-operating income (expense):					
Interest expense:					
Third-party .....	(341.3)	(306.7)	(420.3)	(398.2)	(440.4)
Related-party .....	—	(5.8)	(5.8)	—	—
Interest income—related-party .....	167.2	58.9	107.0	—	—
Gain (loss) on debt modification and extinguishment, net .	(0.2)	0.5	0.5	(187.8)	(47.2)
Realized and unrealized gains (losses) on derivative instruments, net .....	(13.6)	(99.9)	(151.6)	148.1	(50.7)
Foreign currency transaction gains (losses), net .....	(58.4)	78.4	140.5	(6.3)	(2.4)
Other income, net	1.2	0.6	0.8	6.8	97.1

	Nine months ended September 30,		Year ended December 31,		
	2014	2013	2013	2012 (a)	2011
	in millions				
	(245.1)	(274.0)	(328.9)	(437.4)	(443.6)
Earnings (loss) from continuing operations before income taxes.....	(112.6)	(103.3)	(172.5)	261.4	93.1
Income tax benefit (expense).....	1.9	(197.7)	(215.6)	2,652.0	(16.0)
Earnings (loss) from continuing operations .....	(110.7)	(301.0)	(388.1)	2,913.4	77.1
Loss from discontinued operations, net of taxes.....	—	—	—	—	(1.2)
Net earnings (loss) .....	£(110.7)	£(301.0)	£(388.1)	£2,913.4	£ 75.9

(a) As retrospectively revised—see note 2 to the December 31, 2013 Consolidated Financial Statements included elsewhere herein.

	September 30,		December 31,	
	2014	2013	2013	2012 (b)
	in millions			
<b>Virgin Media Consolidated Balance Sheet Data:</b>				
Cash and cash equivalents .....	£ 30.8	£ 343.0	£ 206.3	
Total assets .....	£ 19,278.1	£ 19,311.2	£ 10,564.9	
Total current liabilities (excluding current portion of debt and capital lease obligations).....	£ 1,466.6	£ 1,377.1	£ 1,160.3	
Total debt and capital lease obligations .....	£ 8,462.2	£ 8,448.8	£ 5,929.1	
Total liabilities.....	£ 10,284.9	£ 10,283.0	£ 7,346.5	
Total equity.....	£ 8,993.2	£ 9,028.2	£ 3,218.4	

(b) As retrospectively revised—see note 2 to the December 31, 2013 Consolidated Financial Statements included elsewhere herein.

	Nine months ended September 30,		Year ended December 31,		
	2014	2013	2013	2012	2011
	in millions				
<b>Virgin Media Consolidated Cash Flow Data:</b>					
Cash provided by operating activities.....	£ 1,151.2	£ 894.4	£ 1,150.6	£ 1,198.9	£ 1,148.4
Cash used by investing activities.....	£ (1,214.9)	£ (2,849.1)	£ (3,082.7)	£ (783.0)	£ (314.7)
Cash provided (used) by financing activities.....	£ (246.4)	£ 1,989.2	£ 1,965.6	£ (500.6)	£ (1,013.8)

	As of and for the nine months ended September 30, 2014	As of and for the year ended December 31, 2013
<b>Virgin Media Summary Statistical and Operating Data (c):</b>		
<b>Cable</b>		
<b>Footprint</b>		
Homes passed .....	12,584,100	12,520,100
Two-way homes passed:.....	12,522,700	12,520,100
<b>Subscribers (RGUs)</b>		
Television .....	3,738,800	3,749,600
Internet.....	4,464,100	4,375,700
Telephony .....	4,161,200	4,136,400
Total RGUs.....	12,364,100	12,261,700

#### Customer Bundling

	As of and for the nine months ended September 30, 2014	As of and for the year ended December 31, 2013
Single-Play .....	16.2%	15.9%
Double-Play .....	17.7%	18.5%
Triple-Play .....	66.1%	65.7%
Quad-Play .....	17.0%	16.3%
<b>Customer Relationships</b>		
Customer relationships .....	4,947,500	4,908,500
RGUs per customer relationship .....	2.50	2.50
<b>ARPU—Cable Subscription Revenue</b>		
Monthly ARPU per customer relationship .....	£ 49.39	£ 48.14
<b>Mobile</b>		
<b>Mobile subscribers</b>		
Postpaid .....	2,073,500	1,879,100
Prepaid .....	986,100	1,111,100
Total mobile subscribers .....	<u>3,059,600</u>	<u>2,990,200</u>
<b>ARPU—Mobile Subscription Revenue</b>		
Monthly ARPU per customer relationship:		
Excluding interconnect revenue .....	£ 13.07	£ 12.16
Including interconnect revenue .....	£ 15.28	£ 14.50

(c) For information concerning how Virgin Media defines and calculates its operating statistics, see “*Business—Introduction.*”

	Nine months ended September 30,		Year ended December 31,		
	2014	2013	2013	2012	2011
in millions, except percentages					
<b>Virgin Media Summary Operating Data:</b>					
Revenue .....	£ 3,145.0	£ 3,092.0	£ 4,120.4	£ 4,100.5	£ 3,991.8
OCF (d).....	£ 1,357.2	£ 1,270.7	£ 1,694.7	£ 1,679.2	£ 1,616.9
OCF margin .....	43.2%	41.1%	41.1%	41.0%	40.5%
Property and equipment additions .....	£ 643.5	£ 660.7	£ 867.6	£ 883.4	£ 763.0
Property and equipment additions as % of revenue .....	20.5%	21.4%	21.1%	21.5%	19.1%

(d) OCF is the primary measure used by our management to evaluate the company’s performance. OCF is also a key factor that is used by our internal decision makers to evaluate the effectiveness of our management for purposes of annual and other incentive compensation plans. As we use the term, OCF is revenue less operating and selling, general and administrative expenses (excluding share-based compensation, depreciation and amortization and impairment, restructuring and other operating items). Other operating items include (i) gains and losses on the disposition of long-lived assets, (ii) third-party costs directly associated with successful and unsuccessful acquisitions and dispositions, including legal, advisory and due diligence fees, as applicable, and (iii) other acquisition-related items, such as gains and losses on the settlement of contingent consideration. Our internal decision makers believe OCF is a meaningful measure and is superior to available GAAP measures because it represents a transparent view of our recurring operating performance that is unaffected by our capital structure and allows management to readily view operating trends and identify strategies to improve operating performance. We believe our OCF measure is useful to investors because it is one of the bases for comparing our performance with the performance of other companies in the same or similar industries, although our measure may not be directly comparable to similar measures used by other companies. OCF should be viewed as a measure of operating performance that is a supplement to, and not a substitute for, operating income (loss), net earnings (loss), cash flow from operating activities and other GAAP measures of income or cash flows. A reconciliation of OCF to operating income is as follows:

	Nine months ended September 30,		Year ended December 31,		
	2014	2013	2013	2012	2011
	in millions				
OCF .....	£ 1,357.2	£ 1,270.7	£ 1,694.7	£ 1,679.2	£ 1,616.9
Share-based compensation.....	(27.5)	(84.8)	(107.6)	(25.8)	(27.0)
Depreciation and amortization.....	(1,182.9)	(937.0)	(1,343.0)	(966.4)	(1,046.4)
Impairment, restructuring and other operating items, net.....	(14.3)	(78.2)	(87.7)	11.8	(6.8)
Operating income .....	£ 132.5	£ 170.7	£ 156.4	£ 698.8	£ 536.7

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

The following discussion and analysis, which should be read in conjunction with the September 30, 2014 Condensed Consolidated Financial Statements and the December 31, 2013 Consolidated Financial Statements, is intended to assist in providing an understanding of our financial condition, changes in financial condition and results of operations and is organized as follows:

- *Overview.* This section provides a general description of our business and recent events.
- *Results of Operations.* This section provides an analysis of our historical results of operations for the three and nine months ended September 30, 2014 and 2013 and for the years ended December 31, 2013, 2012 and 2011.
- *Liquidity and Capital Resources.* This section provides an analysis of our corporate and subsidiary liquidity, consolidated statements of cash flows and contractual commitments.
- *Critical Accounting Policies, Judgments and Estimates.* This section discusses those material accounting policies that contain uncertainties and require significant judgment in their application.
- *Quantitative and Qualitative Disclosures about Market Risk.* This section provides discussion and analysis of the foreign currency, interest rate and other market risk that our company faces.

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

Unless otherwise indicated, convenience translations into pound sterling are calculated, and operational data (including subscriber statistics) are presented as of September 30, 2014 and December 31, 2013, as applicable.

### Overview

We are a subsidiary of Liberty Global that provides digital cable, broadband internet, fixed-line telephony and mobile services in the U.K. to both residential and B2B customers. We are one of the U.K.'s largest providers of residential digital cable, broadband internet and fixed-line telephony services in terms of the number of customers. We believe our advanced, deep-fiber cable access network enables us to offer faster and higher quality broadband services than our digital subscriber line (DSL) competitors. As a result, we provide our customers with a leading next generation broadband service and one of the most advanced interactive TV services available in the U.K. market.

Our residential broadband subscribers generally access the internet at various download speeds ranging up to 152 Mbps, as of February 2014, depending on the tier of service selected. We determine pricing for each different tier of broadband internet service through analysis of speed, market conditions and other factors.

Our digital cable service offerings include basic and premium programming and incremental product and service offerings such as enhanced pay-per-view programming (including digital cable-on-demand), digital cable recorders, high definition and 3D programming and access to over-the-top content.

We provide mobile services to our customers using a third-party network through an MVNO arrangement.

In addition, we provide broadband internet, fixed-line and mobile telephony and other connectivity services to businesses, public sector organizations and service providers.

We strive to achieve organic revenue and customer growth by developing and marketing bundled entertainment and information and communications services, and extending and upgrading the quality of our network where appropriate. While we seek to obtain new customers, we also seek to maximize the average revenue we receive from each household by increasing the penetration of our digital cable, broadband internet, fixed-line telephony and mobile services with existing customers through product bundling and upselling.

We completed a small acquisition during the first three months of 2014 that has an impact on the comparability of our 2014 and 2013 results of operations.

As of September 30, 2014, our network passed 12,584,100 homes and served 12,364,100 revenue generating units (RGUs), consisting of 4,464,100 broadband internet subscribers, 4,161,200 fixed-line telephony subscribers and 3,738,800 digital cable subscribers. We also served 3,059,600 mobile subscribers at September 30, 2014.

We added 69,800 RGUs on an organic basis during the three months ended September 30, 2014, as compared to 6,800 RGUs that we lost on an organic basis during the three months ended September 30, 2013. The organic RGU growth during the three months ended September 30, 2014 is attributable to growth in our broadband internet, fixed-line telephony and digital cable services of 48,600, 16,100 and 5,100 RGUs, respectively.

Including the effect of an acquisition, we added a total of 102,400 RGUs during the nine months ended September 30, 2014. Excluding the effect of this acquisition (RGUs added on the acquisition date), but including post-acquisition date RGU additions, we added 87,700 RGUs on an organic basis during the nine months ended September 30, 2014, as compared to 16,300 RGUs that we lost on an organic basis during the nine months ended September 30, 2013. The organic RGU growth during the nine months ended September 30, 2014 is attributable to the growth of our broadband internet services and fixed-line telephony services, which added 83,100 and 19,100 RGUs, respectively. The growth of our broadband internet and fixed-line telephony services was partially offset by a decline in our digital cable services of 14,500 RGUs.

We added 18,300 mobile subscribers during the three months ended September 30, 2014, as compared to 5,300 mobile subscribers added during the three months ended September 30, 2013. The organic growth during the three months ended September 30, 2014 is attributable to the net impact of growth in our postpaid mobile services, which added 53,200 subscribers, and a decline of our prepaid mobile services of 34,900 subscribers.

We added 69,400 mobile subscribers during the nine months ended September 30, 2014, as compared to a loss of 5,600 mobile subscribers during the nine months ended September 30, 2013. The organic growth during the nine months ended September 30, 2014 is attributable to the net impact of growth in our postpaid mobile services, which added 194,400 subscribers, and a decline of our prepaid mobile services of 125,000 subscribers.

As of December 31, 2013, our network passed 12,520,100 homes and served 12,261,700 revenue generating units (RGUs), consisting of 4,375,700 broadband internet subscribers, 4,136,400 fixed-line telephony subscribers, and 3,749,600 digital cable subscribers. We also served 2,990,200 mobile subscribers.

We added 19,500 RGUs on an organic basis during 2013, as compared to 248,300 RGUs that we added on an organic basis during 2012. The organic RGU growth during 2013 is attributable to the growth of our broadband internet services, which added 103,500 RGUs partially offset by declines in (i) fixed-line telephony services, which declined by 42,700 RGUs, and (ii) digital cable services, which declined by 41,300 RGUs.

We lost 7,400 mobile subscribers during 2013, as compared to growth of 200 mobile subscribers during 2012. The organic loss during 2013 is attributable to a decrease in our prepaid mobile subscribers, which declined by 209,100 subscribers, partially offset by the growth in our postpaid mobile subscribers, which added 201,700 subscribers.

In addition to competition, our operations are subject to macroeconomic and political risks that are outside of our control. For example, high levels of sovereign debt in the U.S. and certain European countries, combined with weak growth and high unemployment, could lead to fiscal reforms (including austerity measures), sovereign debt restructurings, currency instability, increased counterparty credit risk, high levels of volatility and, potentially, disruptions in the credit and equity markets, as well as other outcomes that might adversely impact our company.

The digital cable, broadband internet and fixed-line telephony businesses in which we operate are capital intensive. Significant additions to our property and equipment are required to add customers to our network and to upgrade our broadband communications network and customer premises equipment to enhance our service offerings and improve the customer experience, including expenditures for equipment and labor costs. Significant competition, the introduction of new technologies, the expansion of existing technologies such as fiber-to-the-home, -cabinet, -building or -node and advanced DSL technologies, or adverse regulatory developments could cause us to decide to undertake previously unplanned upgrades of our networks and customer premises equipment in the impacted markets. In addition, no assurance can be given that any future upgrades will generate a positive return or that we will have adequate capital available to finance such future upgrades. If we are unable to, or elect not to, pay for costs associated with adding new customers, expanding or upgrading our networks or making our other planned or unplanned additions to our property and equipment, our

growth could be limited and our competitive position could be harmed. For information regarding our property and equipment additions, see *Liquidity and Capital Resources—Consolidated Statements of Cash Flows* below.

We rely on third-party vendors for the equipment, software and services that we require in order to provide services to our customers. Our suppliers often conduct business worldwide and their ability to meet our needs are subject to various risks, including political and economic instability, natural calamities, interruptions in transportation systems, terrorism and labor issues. As a result, we may not be able to obtain the equipment, software and services required for our businesses on a timely basis or on satisfactory terms. Any shortfall in customer premises equipment could lead to delays in connecting customers to our services, and accordingly, could adversely impact our ability to maintain or increase our RGUs, revenue and cash flows.

On July 12, 2010, we completed the sale of our television channel business known as Virgin Media TV. Virgin Media TV's operations comprised our former Content segment. Our consolidated financial statements reflect Virgin Media TV as a discontinued operation.

### ***LG/VM Transaction***

Virgin Media became a wholly-owned subsidiary of Liberty Global as a result of the LG/VM Transaction, pursuant to which Liberty Global became the publicly-held parent company of the successors, by merger of Old Virgin Media and LGI. For further information, see note 3 to the December 31, 2013 Consolidated Financial Statements.

As a result of Liberty Global's push-down of its investment basis in Virgin Media arising from the LG/VM Transaction, a new basis of accounting was created on June 7, 2013. In the following discussion, the results of operations and cash flows of Old Virgin Media for the periods ended on or prior to June 7, 2013 and the financial position of Old Virgin Media as of balance sheet dates prior to June 7, 2013 are referred to as "Predecessor" consolidated financial information and the results of operations and cash flows of Virgin Media for periods beginning on or after June 8, 2013 and the financial position of Virgin Media as of June 7, 2013 and subsequent balance sheet dates are referred to as "Successor" consolidated financial information.

The Predecessor and Successor consolidated financial information presented within the September 30, 2014 Condensed Consolidated Financial Statements and accompanying notes and the December 31, 2013 Consolidated Financial Statements and accompanying notes are not comparable primarily due to the fact that the Successor consolidated financial information reflects:

- the application of acquisition accounting as of June 7, 2013, as further described in note 3 to the December 31, 2013 Consolidated Financial Statements, of which the most significant implications are (i) increased depreciation expense, (ii) increased amortization expense and (iii) increased share-based compensation expense;
- conforming accounting policy changes, primarily to align to Liberty Global's accounting policy for the recognition of installation fees received on B2B contracts, as further described in note 1 to the September 30, 2014 Condensed Consolidated Financial Statements and the December 31, 2013 Consolidated Financial Statements; and
- additional interest expense associated with debt financing arrangements entered into in connection with the LG/VM Transaction and subsequently pushed down to our balance sheet, as further described in note 7 to the December 31, 2013 Consolidated Financial Statements.



## Results of Operations—Three and Nine Months Ended September 30, 2014 compared to Three and Nine Months Ended September 30, 2013

### Combined Results

In order to provide a more meaningful basis for comparing the results of operations for the nine months ended September 30, 2014 to the corresponding prior year period, we have presented financial information for the nine months ended September 30, 2013 that reflects the combination of the results for the 2013 Predecessor and Successor periods. The combination of Predecessor and Successor periods is not permitted by U.S. GAAP and has not been prepared with a view towards complying with Article 11 of Regulation S-X (in millions):

	Nine-month period						
	Successor		Predecessor	Combined	Change		
	Nine months ended September 30, 2014	Period from June 8 to September 30, 2013	Period from January 1 to June 7, 2013	Nine months ended September 30, 2013	£	%	
<b>Condensed Statements of Operations</b>							
Revenue .....	£ 3,145.0	£ 1,281.8	£ 1,810.2	£ 3,092.1	£ 53.0	1.7	
Operating costs and expenses:							
Operating (other than depreciation and amortization) .....	1,355.7	578.5	845.4	1,423.9	(68.2)	(4.8)	
SG&A (including share-based compensation) .....	459.6	226.1	256.1	482.2	(22.6)	(4.7)	
Depreciation and amortization.....	1,182.9	504.2	432.8	937.0	245.9	26.2	
Impairment, restructuring and other operating items, net ..	14.3	27.0	51.2	78.2	(63.9)	N.M.	
	<u>3,012.5</u>	<u>1,335.8</u>	<u>1,585.5</u>	<u>2,921.3</u>	<u>91.2</u>	<u>3.1</u>	
Operating income (loss) .....	<u>132.5</u>	<u>(54.0)</u>	<u>224.7</u>	<u>170.7</u>	<u>(38.2)</u>	<u>(22.4)</u>	
Non-operating income (expense):							
Interest expense:							
Third-party.....	(341.3)	(150.0)	(156.7)	(306.7)	(34.6)	(11.3)	
Related-party .....	—	(5.8)	—	(5.8)	5.8	N.M.	
Interest income—related-party.....	167.2	58.9	—	58.9	108.3	N.M.	
Realized and unrealized gains (losses) on derivative instruments, net .....	(13.6)	(151.7)	51.8	(99.9)	86.3	N.M.	
Foreign currency transaction gains (losses), net .....	(58.4)	80.5	(2.1)	78.4	(136.8)	N.M.	
Other income, net.....	1.0	0.8	0.3	1.1	(0.1)	(9.1)	
	<u>(245.1)</u>	<u>(167.3)</u>	<u>(106.7)</u>	<u>(274.0)</u>	<u>28.9</u>	<u>10.5</u>	
Earnings (loss) before income taxes .....	(112.6)	(221.3)	118.0	(103.3)	(9.3)	(9.0)	
Income tax benefit (expense).....	1.9	(179.6)	(18.1)	(197.7)	199.6	N.M.	
Net earnings (loss).....	<u>£ (110.7)</u>	<u>£ (400.9)</u>	<u>£ 99.9</u>	<u>£ (301.0)</u>	<u>£ 190.3</u>	<u>N.M.</u>	

N.M.—Not Meaningful.

### Material Changes in Results of Operations

As noted under Overview above, the comparability of our operating results during 2014 and 2013 is affected by an acquisition. In the following discussion, we quantify the estimated impact of the acquisition on our operating results. The acquisition impact represents our estimate of the difference between the operating

results of the periods under comparison that is attributable to an acquisition. In general, we base our estimate of the acquisition impact on an acquired entity's operating results during the first three months following the acquisition date such that changes from those operating results in subsequent periods are considered to be organic changes. Accordingly, in the following discussion, variances attributed to an acquired entity during the first twelve months following the acquisition date represent differences between the estimated acquisition impact and the actual results.

## Discussion and Analysis

### Revenue

Revenue includes amounts received from residential subscribers for ongoing services as well as revenue earned from B2B services, interconnect fees and other categories of non-subscription revenue. We use the term "subscription revenue" in the following discussion to refer to amounts received from cable and mobile residential subscribers for ongoing services, excluding installation fees and late fees. In the below table, mobile subscription revenue excludes the related interconnect revenue.

Most of our revenue is subject to value-added or similar revenue-based taxes. Any increases in these taxes could have an adverse impact on our ability to maintain or increase our revenue to the extent that we are unable to pass such tax increases on to our customers. In the case of revenue-based taxes for which we are the ultimate taxpayer, we will also experience increases in our operating expenses and corresponding declines in our operating cash flow and operating cash flow margins to the extent of any such tax increases. The VAT applicable to certain components of our operations are scheduled to increase effective January 1, 2015. As compared to 2014 levels, these proposed increases are expected to result in increases in annual VAT payments ranging from approximately £30 million to £35 million.

We pay interconnection fees to other telephony providers when calls or text messages from our subscribers terminate on another network, and we receive similar fees from such providers when calls or text messages from their customers terminate on our networks or networks that we access through MVNO or other arrangements. The amounts we charge and incur with respect to fixed-line telephony and mobile interconnection fees are subject to regulatory oversight. To the extent that regulatory authorities introduce fixed-line or mobile termination rate changes, we would experience prospective changes in our interconnect revenue and costs. The ultimate impact of any such changes in termination rates on our operating cash flow would be dependent on the call or text messaging patterns that are subject to the changed termination rates.

Our revenue by major category is set forth below:

	Three months ended September 30,		Increase (decrease)		Organic increase (decrease)
	2014	2013	£	%	%
	in millions				
Subscription revenue:					
Digital cable .....	£ 234.7	£ 242.6	£ (7.9)	(3.3)	(3.3)
Broadband internet.....	259.8	216.9	42.9	19.8	19.7
Fixed-line telephony .....	230.0	244.1	(14.1)	(5.8)	(5.9)
Cable subscription revenue (a).....	724.5	703.6	20.9	3.0	2.9
Mobile subscription revenue (b).....	122.5	111.8	10.7	9.6	9.6
Total subscription revenue .....	847.0	815.4	31.6	3.9	3.8
B2B revenue (c).....	155.2	146.6	8.6	5.9	5.9
Other revenue (d).....	44.6	60.8	(16.2)	(26.6)	(26.8)
Total revenue.....	£ 1,046.8	£ 1,022.8	£ 24.0	2.3	2.3

	Nine months ended September 30,		Increase (decrease)		Organic increase (decrease)
	2014	2013	£	%	%
	in millions				
Subscription revenue:					
Digital cable.....	£ 717.9	£ 728.6	£ (10.7)	(1.5)	(1.6)
Broadband internet.....	756.2	650.7	105.5	16.2	16.1

	Nine months ended September 30,		Increase (decrease)		Organic increase (decrease)
	2014	2013	£	%	%
	in millions				
Fixed-line telephony .....	714.8	739.7	(24.9)	(3.4)	(3.5)
Cable subscription revenue (a).....	2,188.9	2,119.0	69.9	3.3	3.2
Mobile subscription revenue (b) .....	355.6	326.6	29.0	8.9	8.9
Total subscription revenue .....	2,544.5	2,445.6	98.9	4.0	4.0
B2B revenue (c).....	458.9	457.5	1.4	0.3	0.3
Other revenue (d).....	141.6	188.9	(47.3)	(25.0)	(25.1)
Total revenue.....	£ 3,145.	£ 3,092.	£ 53.0	1.7	1.6

- (a) Cable subscription revenue includes amounts received from subscribers for ongoing services, excluding installation fees, mobile services revenue and late fees. Subscription revenue from subscribers who purchase bundled services at a discounted rate is generally allocated proportionally to each service based on the standalone price for each individual service. As a result, changes in the standalone pricing of our cable and mobile products or the composition of bundles can contribute to changes in our product revenue categories from period to period.
- (b) Mobile subscription revenue excludes mobile interconnect revenue of £19.8 million and £20.0 million during the three months ended September 30, 2014 and 2013, respectively, and £60.1 million and £64.1 million during the nine months ended September 30, 2014, and 2013, respectively. Mobile interconnect revenue and revenue from mobile handset sales are included in other revenue.
- (c) B2B revenue includes revenue from business broadband internet, voice, wireless and data services offered to medium to large enterprises and, on a wholesale basis, to other operators.
- (d) Other revenue includes, among other items, interconnect revenue, revenue from non-cable services and revenue from late fees.

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

	Three-month period		Nine-month period	
	in millions			
Increase in cable subscription revenue due to change in:				
Average number of RGUs (a) .....	£	4.7	£	9.0
Average monthly subscription revenue per RGU (ARPU) (b).....		15.5		59.1
Total increase in cable subscription revenue .....		20.2		68.1
Increase in mobile subscription revenue (c) .....		10.7		29.0
Total increase in subscription revenue.....		30.9		97.1
Increase in B2B revenue .....		8.6		1.3
Decrease in other revenue (d).....		(16.3)		(47.5)
Total organic increase.....		23.2		50.9
Impact of acquisition .....		0.8		2.1
Total.....	£	24.0	£	53.0

- (a) The increases in our cable subscription revenue related to changes in the average numbers of RGUs are attributable to increases in the average numbers of broadband internet RGUs that were only partially offset by declines in the average numbers of digital cable and fixed-line telephony RGUs.
- (b) The increases in our cable subscription revenue related to changes in ARPU are primarily due to net increases resulting from the following factors: (i) higher ARPU due to (a) February 2014 and, for the nine-month period, February 2013 price increases for broadband internet, digital cable and fixed-line telephony services and (b) an October 2013 price increase for certain broadband internet services, (ii) lower ARPU due to the impact of higher discounts, (iii) lower ARPU due to lower fixed-line telephony call volumes, (iv) higher ARPU due to increased penetration of our advanced or “TiVo” set-

top boxes, (v) lower ARPU due to a change in legislation with respect to the charging of VAT, as discussed below, and (vi) higher ARPU due to the net effect of (1) increases in the proportions of subscribers receiving higher-priced tiers of broadband internet services in our bundles and (2) increases in the proportions of subscribers receiving lower-priced tiers of digital cable services in our bundles.

- (c) The increases in mobile subscription revenue are primarily due to the net effect of (i) increases in the numbers of customers taking postpaid mobile services, (ii) declines in the numbers of prepaid mobile customers, (iii) a July 2013 price increase, (iv) reductions in chargeable usage as subscribers moved to higher-limit and unlimited usage bundles and (v) decreases due to higher proportions of our postpaid customers taking lower-priced subscriber identification module or “SIM”-only contracts. In addition, the growth in mobile subscription revenue during the nine-month period was partially offset by the impact of certain nonrecurring net adjustments of £3.9 million and £1.2 million during the first and second quarters of 2013, respectively.
- (d) The decreases in other revenue are primarily attributable to (i) decreases in interconnect revenue, primarily due to reductions in (a) fixed-line termination rates in February 2014 and (b) for the nine-month period, mobile termination rates in April 2013, (ii) decreases of £4.7 million and £14.2 million, respectively, in Virgin Media’s non-cable subscriber base, (iii) decreases in installation revenue and (iv) decreases in mobile handset sales.

On March 19, 2014, the U.K. government announced a change in legislation with respect to the charging of VAT in connection with prompt payment discounts such as those that we offer to our fixed-line telephony customers. The changes, which took effect on May 1, 2014, impacted our company and some of our competitors. We currently believe that this legislative change will result in a reduction in revenue and operating income of approximately £28 million to £30 million from the effective date of May 1, 2014 through the end of 2014. As a result of this legislation, our revenue was £7.3 million and £10.8 million lower during the second and third quarters of 2014, respectively, as compared to the corresponding prior year periods.

The details of the changes in our B2B revenue categories are as follows:

	Three months ended September 30,		Increase (decrease)		Organic increase (decrease)
	2014	2013	£	%	%
	in millions				
Data (a).....	£ 113.3	£ 99.4	£ 13.9	14.0	14.0
Voice (b).....	32.8	37.4	(4.6)	(12.3)	(12.3)
Other (c).....	9.1	9.8	(0.7)	(7.1)	(7.1)
Total B2B revenue .....	£ 155.2	£ 146.6	£ 8.6	5.9	5.9
	Nine months ended September 30,		Increase (decrease)		Organic increase (decrease)
	2014	2013	£	%	%
	in millions				
Data (a).....	£ 327.0	£ 296.9	£ 30.1	10.1	10.1
Voice (b).....	100.0	113.9	(13.9)	(12.2)	(12.2)
Other (c).....	31.9	46.7	(14.8)	(31.7)	(31.7)
Total B2B revenue .....	£ 458.9	£ 457.5	£ 1.4	0.3	0.3

- (a) The increases in data revenue during the 2014 periods are primarily attributable to increased volumes and increases of £4.2 million and £11.0 million, respectively, in the amortization of deferred upfront fees on B2B contracts that are primarily attributable to the application during the Successor periods of Liberty Global’s accounting policy with respect to these fees. During the Predecessor periods, we generally treated upfront fees received from B2B customers as a separate deliverable and recognized revenue upon completion of the upfront installation activity in an amount that was based on the relative standalone selling price methodology. Our current accounting policy is generally to defer upfront and nonrecurring fees on B2B contracts where we maintain ownership of the installed equipment and recognize the associated revenue on a straight line basis over the life of the underlying service contract as a component of our data and voice B2B revenue, as applicable. Accordingly, no portion of any upfront or nonrecurring B2B fees are included in the other B2B revenue category following the adoption of Liberty Global’s

accounting policy. For additional information, see note 1 to the September 30, 2014 Condensed Consolidated Financial Statements. In addition, the growth in data revenue also benefitted from the positive impact of certain nonrecurring net adjustments of £3.1 million during the third quarter of 2013.

- (b) The decreases in voice revenue are primarily attributable to (i) lower termination rates and (ii) declines in usage.
- (c) Other revenue includes (i) equipment sales and (ii) during the Predecessor periods, certain upfront, contract termination and modification fees. As discussed in (a) above, the decrease in upfront fees of £16.2 million during the nine-month period is attributable to the application of Liberty Global's accounting policy during the Successor period.

#### *Operating expenses*

Operating expenses include programming, network operations, interconnect, customer operations, customer care and other costs related to our operations. Programming costs, which represent a significant portion of our operating costs, are expected to rise in future periods as a result of (i) higher costs associated with the expansion of our digital cable content, including rights associated with ancillary product offerings and rights that provide for the broadcast of live sporting events, and (ii) rate increases. In addition, we are subject to inflationary pressures with respect to our labor and other costs. Any cost increases that we are not able to pass on to our subscribers through rate increases would result in increased pressure on our operating margins.

Our total operating expenses decreased £28.0 million or 6.0% and £68.2 million or 4.8% during the three and nine months ended September 30, 2014, respectively, as compared to the corresponding periods in 2013. These decreases are net of £0.5 million and £1.2 million, respectively, attributable to the impact of an acquisition. Excluding the effect of this acquisition, operating expenses decreased £28.5 million or 6.1% and £69.4 million or 4.9%, respectively. These decreases include the following factors:

- Decreases in network-related expenses of £27.9 million and £26.0 million, respectively, due in part to a retroactive reduction in local authority charges for network infrastructure following a review by the U.K. government that resulted in a benefit of £25.2 million during the third quarter of 2014. This benefit consists of a £21.6 million nonrecurring benefit related to periods prior to the third quarter of 2014 and a £3.6 million benefit related to the third quarter of 2014. We expect an amount similar to the third quarter 2014 benefit to recur in future quarters. The decreases in network-related expenses also include the net effects of (i) decreased network and customer premises equipment maintenance costs and (ii) during the nine-month period, higher power costs;
- Increases in programming and related costs of £11.1 million or 8.4% and £23.2 million or 5.8%, respectively, due primarily to the net effect of (i) increased costs for sports rights, (ii) lower costs arising from the cancellation and renegotiation of certain programming agreements, (iii) increased costs due to higher rates for certain basic and premium services and (iv) a £6.9 million nonrecurring reduction of programming costs that resulted from the favorable resolution of an operational contingency during the second quarter of 2014;
- Decreases in interconnect and access costs of £2.1 million or 2.5% and £20.9 million or 7.7%, respectively, due primarily to the net effect of (i) decreased costs due to lower call volumes, (ii) lower rates, (iii) increases in mobile access costs due primarily to the net effect of (a) higher data usage and call volumes and (b) lower rates and (iv) an increase during the nine-month period of £2.0 million related to the impact of the release of an accrual associated with the settlement of operational contingencies during the second quarter of 2013;
- An increase (decrease) in personnel costs of £0.6 million or 1.1% and (£17.7 million) or (10.1%), respectively, due primarily to the net effect of (i) decreased staffing levels, primarily as a result of integration and reorganization activities, (ii) higher incentive compensation costs, (iii) decreased costs related to functions performed during 2014 on behalf of and therefore recharged to other subsidiaries of Liberty Global, (iv) annual wage increases and (v) increased costs due to a net decrease in capitalizable costs, as decreases in the level of other capitalizable activities more than offset increases in capitalizable costs associated with the adoption of Liberty Global's accounting policies during the Successor periods;
- Decreases in outsourced labor and professional fees of £3.0 million or 13.3% and £7.9 million or 11.3%, respectively, due primarily to lower call center costs;
- Decreases in equipment costs of £1.9 million or 5.0% and £6.6 million or 5.9%, respectively, due primarily to the net effect of (i) decreased mobile handset costs as a result of continued growth of

SIM-only contracts, (ii) increased costs associated with higher value handsets and (iii) during the nine-month period, decreased mobile handset sales to third-party retailers;

- Decreases in other direct costs of £2.5 million or 5.5% and £4.9 million or 3.6%, respectively, due primarily to lower DSL usage as a result of a decline in our non-cable operations; and
- An increase during the nine-month period in information technology related expenses of £2.8 million, due primarily to increased costs from contract renewals and additional support requirements. The three-month period was relatively unchanged from the prior year period.

#### *SG&A expenses*

SG&A expenses include human resources, information technology, general services, management, finance, legal and sales and marketing costs, share-based compensation and other general expenses. We do not include share-based compensation in the following discussion and analysis of our SG&A expenses as share-based compensation expense is discussed separately below. As noted above, we are subject to inflationary pressures with respect to our labor and other costs.

Our total SG&A expenses (exclusive of share-based compensation) increased £25.3 million or 19.4% and £34.7 million or 8.7% during the three and nine months ended September 30, 2014, respectively, as compared to the corresponding periods in 2013. These increases include £0.3 million and £0.7 million, respectively, attributable to the impact of an acquisition. Excluding the effect of this acquisition, SG&A expenses increased £25.0 million or 19.2% and £34.0 million or 8.6%, respectively. These increases include the following factors:

- Increases in marketing and advertising costs of £8.9 million or 15.5% and £8.7 million or 5.2%, respectively, due primarily to the net effect of (i) higher costs associated with advertising campaigns and (ii) lower third-party sales commissions;
- Increases in outsourced labor and professional fees of £3.6 million and £7.3 million, respectively, due primarily to the net effect of (i) the negative impact of a £4.7 million increase associated with the nonrecurring consulting fee that was incurred during the third quarter of 2014 in connection with the retroactive reduction in local authority charges, as discussed above, (ii) increased legal and consulting costs and (iii) a lower level of integration activities in connection with the LG/VM Transaction;
- Increases in information technology-related expenses of £2.6 million and £3.0 million, respectively, due primarily to higher software and other information technology-related maintenance costs;
- Increases in personnel costs of £4.6 million or 8.8% and £2.1 million or 1.3%, respectively, due primarily to the net effect of (i) higher incentive compensation costs, (ii) net decreases in defined benefit and contribution plan costs, (iii) decreased staffing levels as a result of integration and reorganization activities, (iv) decreases in employee severance costs that are not classified as restructuring expenses and (v) annual wage increases; and
- A net increase during the nine-month period resulting from individually insignificant changes in other SG&A expense categories.

#### *Share-based compensation expense (included in SG&A expenses)*

Our share-based compensation expense after the LG/VM Transaction primarily represents amounts allocated to our company by Liberty Global. The amounts allocated by Liberty Global to our company represent share-based compensation associated with the Liberty Global share-based incentive awards held by certain employees of our subsidiaries. Share-based compensation expense allocated to our company by Liberty Global is reflected as an increase to shareholder's equity and is offset by any amounts recharged to us by Liberty Global, as further described in note 9 to the September 30, 2014 Condensed Consolidated Financial Statements. Share-based compensation expense prior to the LG/VM Transaction includes amounts for options, shares and performance shares related to the common stock of Old Virgin Media. A summary of the share-based compensation expense that is included in our SG&A expenses is set forth below:

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
	in millions			
Performance-based incentive awards (a) .....	£ 2.2	£ 1.4	£ 5.0	£ 11.6
Other share-based incentive awards .....	6.4	38.1	22.5	73.2
Total (b) .....	£ 8.6	£ 39.5	£ 27.5	£ 84.8

- (a) Includes share-based compensation expense related to Liberty Global PSUs and the Challenge Performance Awards. The Challenge Performance Awards were issued on June 24, 2013.
- (b) In connection with the LG/VM Transaction, Liberty Global issued Virgin Media Replacement Awards to employees and former directors of our company in exchange for corresponding Old Virgin Media awards. During the second and third quarters of 2013, £18.3 million and £22.8 million, respectively, of the June 7, 2013 estimated fair value of the Virgin Media Replacement Awards was charged to expense in recognition of the Virgin Media Replacement Awards that were fully vested on June 7, 2013 or for which vesting was accelerated pursuant to the terms of the LG/VM Transaction Agreement on or prior to September 30, 2013.

For additional information concerning our share-based compensation, see note 8 to the September 30, 2014 Condensed Consolidated Financial Statements.

#### *Depreciation and amortization expense*

Our depreciation and amortization expense increased (decreased) (£42.7 million) or (10.4%) and £245.9 million or 26.2% during the three and nine months ended September 30, 2014, respectively, as compared to the corresponding periods in 2013, due primarily to the net effect of (i) higher cost bases of our intangible assets and property and equipment during the nine-month period, as a result of the push-down of acquisition accounting in connection with the LG/VM Transaction, (ii) increases associated with property and equipment additions related to the installation of customer premises equipment, the expansion and upgrade of our networks and other capital initiatives and (iii) decreases associated with certain assets becoming fully depreciated.

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

We recognized impairment, restructuring and other operating items, net, of £1.6 million and £21.6 million during the three months ended September 30, 2014 and 2013, respectively, and £14.3 million and £78.2 million during the nine months ended September 30, 2014 and 2013, respectively. The 2014 amounts include severance and other costs of £1.4 million and £14.6 million, respectively. The 2013 amounts include (i) direct acquisition costs incurred in connection with the LG/VM Transaction of £0.5 million and £54.3 million, respectively, (ii) severance and other costs of £12.8 million and £18.6 million, respectively, and (iii) impairment costs of £9.2 million in each period related to the impairment of certain network assets. Substantially all of the severance and other costs during the 2014 and 2013 periods were recorded in connection with certain organizational and staffing changes that we implemented following the completion of the LG/VM Transaction.

#### *Interest expense—third-party*

Our interest expense increased (decreased) (£6.5 million) or (5.5%) and £34.6 million or 11.3% during the three and nine months ended September 30, 2014, respectively, as compared to the corresponding periods in 2013. The decrease during the three-month period is due primarily to (i) a lower average outstanding debt balance and (ii) a lower weighted average interest rate. The increase during the nine-month period is due primarily to a higher average outstanding debt balance. The decrease during the three-month period in our weighted average interest rate is primarily related to the completion of certain financing transactions that resulted in extended maturities and net decreases to certain of our interest rates. For additional information regarding our outstanding indebtedness, see note 6 to the September 30, 2014 Condensed Consolidated Financial Statements.

#### *Interest expense—related-party*

Our related-party interest expense decreased £2.2 million and £5.8 million during the three and nine months ended September 30, 2014, respectively, as compared to the corresponding periods in 2013, due to the interest expense incurred during the 2013 periods on a related-party note payable to LGI that we entered into in connection with the LG/VM Transaction. This note was repaid in full during the third quarter of 2013. For

additional information regarding our related-party indebtedness, see note 9 to the September 30, 2014 Condensed Consolidated Financial Statements.

*Interest income—related-party*

Our related-party interest income increased £10.2 million and £108.3 million during the three and nine months ended September 30, 2014, respectively, as compared to the corresponding periods in 2013, primarily due to interest income earned on related-party notes receivable from Lynx Europe 2 that we entered into following the LG/VM Transaction. For additional information, see note 9 to the September 30, 2014 Condensed Consolidated Financial Statements.

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

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

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
	in millions			
Cross-currency and interest rate derivative contracts				
(a).....	£ 129.8	£ (261.8)	£ (17.5)	£ (184.7)
Equity-related derivative instruments (b).....	2.6	(10.1)	3.4	86.8
Foreign currency forward contracts.....	0.6	—	0.5	(2.0)
Total.....	£ 133.0	£ (271.9)	£ (13.6)	£ (99.9)

- (a) The gain (loss) during the three and nine months ended September 30, 2014 is primarily attributable to the net effect of (i) gains associated with a decrease in the value of the pound sterling relative to the U.S. dollar, (ii) losses associated with decreases in market interest rates in the pound sterling market and (iii) losses associated with increases in market interest rates in the U.S. dollar market. In addition, the gain (loss) during the three and nine months ended September 30, 2014 includes net losses of £8.3 million and £13.5 million, respectively, resulting from changes in our credit risk valuation adjustments. The losses during the three and nine months ended September 30, 2013 are primarily attributable to the net effect of (1) losses associated with increases in the value of the pound sterling relative to the U.S. dollar and (2) gains associated with increases in market interest rates in the pound sterling market. In addition, the losses during the three and nine months ended September 30, 2013 include net gains of £39.4 million and £22.4 million, respectively, resulting from changes in our credit risk valuation adjustments.
- (b) These amounts represent activity related to the Virgin Media Capped Calls and, during the Successor periods, the derivative embedded in the VM Convertible Notes. The fair values of our equity-related derivative instruments are primarily impacted by the trading prices of the underlying security.

For additional information concerning our derivative instruments, see notes 3 and 4 to the September 30, 2014 Condensed Consolidated Financial Statements.

*Foreign currency transaction gains (losses), net*

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



	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
	<i>in millions</i>			
U.S. dollar denominated debt issued by our company.....	£ (102.2)	£ 155.2	£ (30.3)	£ 101.0
Related-party payables and receivables denominated in a currency other than the entity's functional currency.....	(21.6)	(65.0)	(24.6)	(39.0)
Cash and restricted cash denominated in a currency other than the entity's functional currency.....	(2.3)	9.1	(1.6)	15.1
Other.....	(1.9)	4.4	(1.9)	1.3
Total.....	£ (128.0)	£ 103.7	£ (58.4)	£ 78.4

#### *Income tax expense*

We recognized income tax expense of £12.7 million and £173.1 million during the three months ended September 30, 2014 and 2013, respectively.

The income tax expense during the three months ended September 30, 2014 differs from the expected income tax expense of £9.4 million (based on the U.S. statutory income tax rate of 35.0%) due primarily to the positive impact of statutory tax rates in certain jurisdictions in which we operate that are lower than the U.S. federal income tax rate. The positive impact of this item was partially offset by the negative impact of certain permanent differences between the financial and tax accounting treatment of items associated with investments in subsidiaries.

The income tax expense during the three months ended September 30, 2013 differs from the expected income tax benefit of £100.2 million (based on the U.S. federal income tax rate of 35.0%) due primarily to the negative impacts of (i) a reduction in net deferred tax assets in the U.K. due to enacted changes in tax law, (ii) statutory tax rates in certain jurisdictions in which we operate that are lower than the U.S. federal income tax rate and (iii) certain permanent differences between the financial and tax accounting treatment of items associated with investments in subsidiaries.

We recognized income tax benefit of £1.9 million and income tax expense of £197.7 million during the nine months ended September 30, 2014 and 2013, respectively.

The income tax benefit during the nine months ended September 30, 2014 differs from the expected income tax benefit of £39.4 million (based on the U.S. statutory income tax rate of 35.0%) due primarily to the negative impacts of (i) certain permanent differences between the financial and tax accounting treatment of items associated with investments in subsidiaries and (ii) a net increase in valuation allowances. The negative impacts of these items were partially offset by the positive impact of statutory tax rates in certain jurisdictions in which we operate that are lower than the U.S. federal income tax rate.

The income tax expense during the nine months ended September 30, 2013 differs from the expected income tax benefit of £36.2 million (based on the U.S. federal income tax rate of 35.0%) due primarily to the negative impacts of (i) a reduction in net deferred tax assets in the U.K. due to enacted changes in tax law, (ii) a net increase in valuation allowances and (iii) certain permanent differences between the financial and tax accounting treatment of items associated with investments in subsidiaries. The negative impacts of these items were partially offset by the positive impact of certain permanent differences between the financial and tax accounting treatment of interest and other items.

For additional information concerning our income taxes, see note 7 to the September 30, 2014 Condensed Consolidated Financial Statements.

#### *Net earnings (loss)*

During the three months ended September 30, 2014 and 2013, we reported net earnings (loss) of £14.0 million and (£459.3 million), respectively, including (i) operating income (loss) of £74.4 million and (£45.9 million), respectively, (ii) non-operating expense of £47.7 million and £240.3 million, respectively, and (iii) income tax expense of £12.7 million and £173.1 million, respectively.

During the nine months ended September 30, 2014 and 2013, we reported net loss of £110.7 million and £301.0 million, respectively, including (i) operating income of £132.5 million and £170.7 million, respectively,

(ii) non-operating expense of £245.1 million and £274.0 million, respectively, and (iii) income tax benefit (expense) of £1.9 million and (£197.7 million), respectively.

Gains or losses associated with items such as (i) changes in the fair values of derivative instruments and (ii) movements in foreign currency exchange rates are subject to a high degree of volatility, and as such, any gains from these sources do not represent reliable sources of income. In the absence of significant gains in the future from these sources or from other non-operating items, our ability to achieve earnings from continuing operations is largely dependent on our ability to increase our aggregate operating cash flow to a level that more than offsets the aggregate amount of our (a) share-based compensation expense, (b) depreciation and amortization, (c) impairment, restructuring and other operating items, net, (d) interest expense, (e) other net non-operating expenses and (f) income tax expenses. Operating cash flow is defined as revenue less operating and SG&A expenses (excluding share-based compensation, depreciation and amortization and impairment, restructuring and other operating items).

Subject to the limitations included in our various debt instruments, we expect that Liberty Global will cause our company to maintain our debt at current levels relative to our consolidated operating cash flow for the foreseeable future. As a result, we expect that we will continue to report significant levels of interest expense for the foreseeable future. For information with respect to certain trends that may affect our operating results in future periods, see the discussion under Overview above. For information concerning the reasons for changes in specific line items in our condensed consolidated statements of operations, see the above discussion.

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

### Combined Results

In order to provide a more meaningful basis for comparing the results of operations for the year ended December 31, 2013 to the corresponding prior year period, we have presented financial information for the year ended December 31, 2013 that reflects the combination of the results for the 2013 Predecessor and Successor periods. The combination of Predecessor and Successor periods is not permitted by GAAP and has not been prepared with a view towards complying with Article 11 of Regulation S-X (in millions):

Consolidated Statements of Operations	Successor	Predecessor	Combined	Predecessor	Increase (decrease)	
	Period from June 8 to December 31, 2013	Period from January 1 to June 7, 2013	Year ended December 31, 2013	Year ended December 31, 2012	£	%
Revenue .....	£ 2,310.2	£ 1,810.2	£ 4,120.4	£ 4,100.0	£ 19.9	0.5
Operating costs and expenses:						
Operating (other than depreciation and amortization) .....	1,051.7	845.4	1,897.1	1,872.9	24.2	1.3
SG&A .....	380.1	256.1	636.2	574.2	62.0	10.8
Depreciation and amortization.....	910.2	432.8	1,343.0	966.4	376.6	39.0
Impairment, restructuring and other operating items, net .....	36.5	51.2	87.7	(11.8)	99.5	N.M.
	<u>2,378.5</u>	<u>1,585.5</u>	<u>3,964.0</u>	<u>3,401.7</u>	<u>562.3</u>	<u>16.5</u>
Operating income (loss) .....	<u>(68.3)</u>	<u>224.7</u>	<u>156.4</u>	<u>698.8</u>	<u>(542.4)</u>	<u>(77.6)</u>
Non-operating income (expense):						
Interest expense:						
Third-party.....	(263.6)	(156.7)	(420.3)	(398.2)	(22.1)	(5.5)
Related-party .....	(5.8)	—	(5.8)	—	(5.8)	N.M.
Interest income—related-party.....	107.0	—	107.0	—	107.0	N.M.
Gain (loss) on debt modification and extinguishment, net .....	0.6	(0.1)	0.5	(187.8)	188.3	N.M.
Realized and unrealized gains (losses) on derivative instruments, net .....	(203.4)	51.8	(151.6)	148.1	(299.7)	N.M.
Foreign currency transaction gains (losses), net .....	142.6	(2.1)	140.5	(6.3)	146.8	N.M.
Other income, net .....	0.4	0.4	0.8	6.8	(6.0)	N.M.
	<u>(222.2)</u>	<u>(106.7)</u>	<u>(328.9)</u>	<u>(437.4)</u>	<u>108.5</u>	<u>N.M.</u>
Earnings (loss) before income taxes .....	(290.5)	118.0	(172.5)	261.4	(433.9)	N.M.
Income tax benefit (expense).....	(197.5)	(18.1)	(215.6)	2,652.0	(2,867.6)	N.M.
Net earnings (loss) .....	<u>£ (488.0)</u>	<u>£ 99.9</u>	<u>£ (388.1)</u>	<u>£ 2,913.4</u>	<u>£ (3,301.5)</u>	<u>N.M.</u>

N.M.—Not Meaningful.

### Results of Operations

This section provides an analysis of our results of operations for the years ended December 31, 2013, 2012 and 2011.

## 2013 compared to 2012

### Revenue

Our revenue by major category is set forth below:

	Year ended December 31,		Increase (decrease)	
	2013	2012	£	%
	in millions			
Subscription revenue:				
Digital cable.....	£ 976.7	£ 886.9	£ 89.8	10.1
Broadband internet.....	871.8	800.3	71.5	8.9
Fixed-line telephony .....	979.3	998.3	(19.0)	(1.9)
Cable subscription revenue	2,827.8	2,685.5	142.3	5.3
Mobile.....	440.3	437.9	2.4	0.5
Total subscription revenue .....	3,268.1	3,123.4	144.7	4.6
B2B revenue .....	605.1	670.3	(65.2)	(9.7)
Other revenue (a).....	247.2	306.8	(59.6)	(19.4)
Total revenue.....	£ 4,120.4	£ 4,100.5	£ 19.9	0.5

- (a) Other revenue includes, among other items, interconnect revenue, non-cable services, mobile handset sales and installation revenue.

The details of our revenue increase for 2013, as compared to 2012, are as follows (in millions):

Increase in cable subscription revenue due to change in:	
Average number of RGUs (a) .....	£ 33.1
Average monthly subscription revenue per RGU (ARPU) (b).....	109.2
Total increase in cable subscription revenue .....	142.3
Increase in mobile revenue (c).....	2.4
Total increase in subscription revenue.....	144.7
Decrease in B2B revenue.....	(65.2)
Decrease in other revenue (d).....	(59.6)
Total.....	£ 19.9

- (a) The increase in our cable subscription revenue related to a change in the average number of RGUs is primarily attributable to increases in the average numbers of broadband internet RGUs.
- (b) The increase in our cable subscription revenue related to a change in ARPU is due to the net effect of (i) a net increase resulting from the following factors: (a) higher ARPU due to February 2013 price increases for certain broadband internet, digital cable and telephony services and an October 2013 price increase for certain broadband internet services, (b) lower ARPU due to the impact of higher discounts, (c) lower ARPU due to lower usage of fixed-line telephony, (d) higher ARPU due to the net impact of an increase in the proportion of subscribers receiving (1) higher-priced tiers of broadband internet services and (2) lower-priced tiers of digital cable services and (e) higher ARPU due to increased penetration of TiVo-enabled set-top boxes and (ii) an adverse change in RGU mix attributable to lower proportions of digital cable RGUs. In addition, fixed-line telephony revenue includes an increase of £23.7 million due to the net non-operational and operational impacts of a new product proposition that was initiated in August 2012. This positive net impact is not expected to contribute materially to our revenue growth in periods subsequent to the August 2013 anniversary date of the new product proposition.
- (c) The increase in mobile subscription revenue is due to the net effect of (i) an increase in the number of customers taking postpaid mobile services, (ii) a decrease in the number of prepaid mobile customers, (iii) a reduction in chargeable usage as subscribers move to unlimited usage bundles, (iv) a July 2013 price increase and (v) a decrease due to higher proportions of our postpaid customers taking lower-priced subscriber identification module (SIM)-only contracts. In addition, mobile subscription revenue is (a) positively impacted by the £5.1 million net impact of certain nonrecurring adjustments during 2013 and (b) negatively impacted by a non-recurring adjustment of £2.8 million during 2012.

- (d) The decrease in other revenue is primarily due to (i) a decline in interconnect revenue as the result of lower mobile, short message service (SMS) and fixed-line telephony termination rates, (ii) lower cable installation activities and (iii) a decline in our non-cable subscriber base.

Our B2B revenue by category is set forth below:

	Year ended December 31,		Increase (decrease)	
	2013	2012	£	%
	in millions			
Data (a).....	£ 399.9	£ 393.1	£ 6.8	1.7
Voice (b).....	149.8	162.1	(12.3)	(7.6)
Other (c).....	55.4	115.1	(59.7)	(51.9)
Total B2B revenue .....	£ 605.1	£ 670.3	£ (65.2)	(9.7)

- (a) Data revenue increased by £6.8 million or 1.7% during 2013, as compared to 2012, primarily due to the net impact of (i) higher contract acquisitions leading to increased rental revenue, (ii) price reductions on the renewal of certain contracts and (iii) a £2.7 million reduction during 2013 as a result of nonrecurring adjustments to certain revenue-related accrual balances.
- (b) Voice revenue decreased by £12.3 million or 7.6% during 2013, as compared to 2012, primarily due to the net effect of (i) lower termination rates, (ii) lower pricing and (iii) the favorable impact during 2013 of a reduction in revenue of £2.8 million during the third quarter of 2012 as a result of a regulatory ruling.
- (c) Other revenue includes (i) equipment sales, (ii) certain nonrecurring contract termination and modification fees and (iii) installation revenue in periods prior to our adoption of Liberty Global's accounting policy for installation fees. Previously, we generally treated installation fees received from B2B customers as a separate deliverable and recognized revenue upon completion of the installation activity in an amount that was based on the relative standalone selling price methodology. Our current accounting policy is generally to defer upfront installation fees on B2B contracts where we maintain ownership of the installed equipment and recognize the associated revenue on a straight line basis over the life of the underlying service contract as a component of our data and voice B2B revenue, as applicable. Accordingly, no portion of any upfront or nonrecurring B2B fees are included in this category following the adoption of Liberty Global's accounting policy. For additional information, see note 1 to the December 31, 2013 Consolidated Financial Statements. Other revenue decreased by £59.7 million or 51.9% during 2013, as compared to 2012, primarily due to the net effect of (i) a £31.9 million decrease associated with the adoption of Liberty Global's accounting policy for installation fees on B2B contracts, (ii) a decrease due to nonrecurring contract termination and modification fees and other non-recurring items aggregating £19.2 million that were recognized during 2012 and (iii) an increase in low margin equipment sales.

#### Operating expenses

Our total operating expenses increased £24.2 million or 1.3% during 2013, as compared to 2012. This increase includes the following factors:

- An increase in programming and related costs of £33.8 million or 6.7%, due primarily to the impact of (i) growth in digital services and (ii) rate increases for live sports content and, to a lesser degree, other premium content;
- A decrease in interconnect and access costs of £22.1 million or 5.9%, due primarily to the net effect of (i) lower mobile and fixed-line telephony termination rates, (ii) an increase due to the net negative impact of (a) higher costs due to the net releases of accruals associated with favorable settlements of operational contingencies of £2.0 million during the second quarter of 2013 and £6.0 million during the fourth quarter of 2012 and (b) the release of accruals associated with the reassessment of operational contingencies of £1.0 million and £5.6 million in the first and third quarters of 2012, respectively, and (iii) a decline in B2B and residential telephony call volumes. As further described in note 3 to the December 31, 2013 Consolidated Financial Statements, interconnect and access costs also include amortization of an unfavorable capacity contract to adjust the contract to its estimated fair value, which will continue through March 31, 2014, the expiration date of the contract;
- A decrease in other direct costs of £17.5 million, due primarily to the net effect of (i) lower B2B circuit rental costs primarily associated with the migration of the traffic of one of our customers to our network and (ii) a decline in DSL usage as a result of a decline in our non-cable operations;

- An increase in equipment costs of £12.7 million or 9.1%, due primarily to (i) an increase in mobile handset costs as a result of our growing postpaid customer base and the introduction of higher value handsets and (ii) increased B2B local area network equipment sales;
- An increase in facilities costs of £10.4 million or 33.3%, primarily due to the impact of property tax refunds of £9.6 million received during 2012;
- A decrease in network-related costs of £5.0 million or 2.4%, due primarily to the net effect of (i) adjustments made to our capitalization policy in the fourth quarter of 2012 to begin capitalizing certain upgrade activities that had not previously been capitalized, which had an impact of reducing costs during 2013 by £9.4 million, (ii) a £2.0 million decrease associated with the adoption of Liberty Global's accounting policies during the Successor period and (iii) individually insignificant increases in other network-related costs including higher maintenance costs;
- An increase in personnel costs of £3.6 million or 1.5%, due primarily to the net effect of (i) an increase in staffing levels and (ii) an increase in capitalized costs due to the impact of (a) an increase in the level of capitalizable activities and (b) an increase due to adjustments associated with the adoption of Liberty Global's accounting policies during the Successor period; and
- A net increase resulting from individually insignificant changes in other operating expense categories.

#### *SG&A expenses*

Our total SG&A expenses (exclusive of share-based compensation) decreased £19.8 million or 3.6% during 2013, as compared to 2012. This decrease includes the following factors:

- A decrease in marketing and advertising costs of £16.4 million or 7.9%, primarily due to lower advertising and promotional activities;
- A decrease in staff-related costs of £5.0 million or 2.4%, primarily due to the net impact of (i) an increase in staffing levels, (ii) lower achievement levels for certain of our 2013 bonus plans, (iii) a decrease in employee severance costs that are not classified as restructuring expenses and (iv) a net decrease in defined benefit and contribution plan costs; and
- An increase in outsourced labor and professional fees associated with integration activities in connection with the LG/VM Transaction of £4.2 million.

#### *Share-based compensation expense (included in SG&A expenses)*

Share-based compensation expense prior to the LG/VM Transaction includes amounts for options, shares and performance shares related to the common stock of Old Virgin Media. A summary of the share-based compensation expense that is included in our SG&A expenses is set forth below:

	<u>Year ended December 31,</u>	
	<u>2013</u>	<u>2012</u>
	<i>in millions</i>	
Performance-based incentive awards.....	£ 13.0	£ 7.2
Other share-based incentive awards .....	94.6	18.6
Total (a).....	<u>£ 107.6</u>	<u>£ 25.8</u>

- (a) In connection with the LG/VM Transaction, the Virgin Media Replacement Awards were remeasured as of June 7, 2013, resulting in an aggregate estimated fair value attributable to the post-transaction period of £123.8 million. During the 2013 period following the LG/VM Transaction, £51.1 million of the June 7, 2013 estimated fair value of the Virgin Media Replacement Awards was charged to expense in recognition of the Virgin Media Replacement Awards that were fully vested on June 7, 2013 or for which vesting was accelerated pursuant to the terms of the LG/VM Transaction Agreement on or prior to December 31, 2013. The remaining June 7, 2013 estimated fair value will be amortized over the remaining service periods of the unvested Virgin Media Replacement Awards, subject to forfeitures and the satisfaction of performance conditions. In addition, £3.5 million was charged to share-based compensation expense with respect to awards issued subsequent to June 7, 2013 or issued by Liberty Global prior to June 7, 2013 for individuals who are now Virgin Media employees.

For additional information concerning our share-based compensation, see note 10 to the December 31, 2013 Consolidated Financial Statements.

### *Depreciation and amortization expense*

Our depreciation and amortization expense increased £376.6 million or 39.0% during 2013, as compared to 2012, due primarily to the impacts of higher cost bases of our intangible assets and property and equipment as a result of the push-down of acquisition accounting in connection with the LG/VM Transaction and, to a lesser extent, increases associated with property and equipment additions related to the installation of customer premises equipment, the expansion and upgrade of our networks and other capital initiatives.

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

We recognized impairment, restructuring and other operating charges (credits) of £87.7 million and (£11.8 million) during 2013 and 2012, respectively. The 2013 amount includes (i) severance and other costs of £33.2 million, substantially all of which were recorded in connection with certain organizational and staffing changes that we implemented in connection with our ongoing integration with Liberty Global, (ii) direct acquisition costs associated with the LG/VM Transaction of £54.3 million, (iii) a £9.2 million charge related to the impairment of certain network assets and (iv) a £8.5 million gain related to the disposal of certain assets. The 2012 amount includes a net gain of £12.5 million related to the termination of a capital lease during the second quarter of 2012. We expect to incur additional restructuring costs during 2014 as the integration process with Liberty Global continues.

### *Interest expense—third-party*

Our third-party interest expense increased £22.1 million or 5.5% during 2013, as compared to 2012, due primarily to the net effect of (i) higher average outstanding third-party debt balances and (ii) lower weighted average interest rates.

For additional information regarding our outstanding third-party indebtedness, see note 7 to the December 31, 2013 Consolidated Financial Statements.

### *Interest expense—related-party*

Our related-party interest expense increased £5.8 million during 2013, as compared to 2012, due to interest expense incurred on a related-party note payable to LGI that we entered into in connection with the LG/VM Transaction. This note was repaid in full during 2013. For additional information regarding our related-party indebtedness, see note 11 to the December 31, 2013 Consolidated Financial Statements.

### *Interest income—related-party*

Our related-party interest income increased £107.0 million during 2013, as compared to 2012, primarily due to interest income earned on related-party notes receivable from Lynx Europe 2 that we entered into following the LG/VM Transaction. For additional information, see note 11 to the December 31, 2013 Consolidated Financial Statements.

### *Gain (loss) on debt modification and extinguishment, net*

We recognized gains (losses) on debt modification and extinguishment, net, of £0.5 million and (£187.8 million) during 2013 and 2012, respectively. The loss during 2012 relates to the redemption of (i) \$1,350.0 million (£814.9 million) principal amount of the 9.5% Senior Notes, (ii) \$92.9 million (£56.1 million) principal amount of the 2019 VM Dollar Senior Notes, (iii) €180.0 million (£149.8 million) principal amount of the 9.5% Senior Notes and (iv) £96.5 million principal amount of the 2019 VM Sterling Senior Notes. In connection with these transactions, we recognized losses on debt extinguishment of £187.8 million representing (i) premiums paid of £152.1 million, (ii) the write-off of unamortized original issue discounts of £22.6 million and (iii) the write-off of £13.1 million of deferred financing costs.

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

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

	Year ended December 31,	
	2013	2012
	in millions	
Cross-currency and interest rate derivative contracts (a).....	£ (231.0)	£ (25.2)
Equity-related derivative instruments (b) .....	81.1	174.1
Foreign currency forward contracts.....	(1.7)	(0.8)
Total.....	<u>£ (151.6)</u>	<u>£ 148.1</u>

- (a) The loss during 2013 is primarily attributable to the net effect of (i) losses associated with an increase in the value of the pound sterling relative to the U.S. dollar and (ii) gains associated with increases in market interest rates in the pound sterling market. In addition, the loss during 2013 includes a net gain of £30.4 million resulting from changes in our credit risk valuation adjustments. The loss during 2012 is primarily attributable to (i) losses associated with decreases in market interest rates in the pound sterling market and (ii) losses associated with an increase in the value of the pound sterling relative to the U.S. dollar. In addition, the loss during 2012 includes a net gain of £6.3 million resulting from changes in our credit risk valuation adjustments.
- (b) These amounts primarily represent activity related to the Virgin Media Capped Calls and, in the Successor period, the derivative embedded in the VM Convertible Notes. The fair values of our equity-related derivative instruments are primarily impacted by the trading prices of the underlying security.

For additional information concerning our derivative instruments, see notes 4 and 5 to the December 31, 2013 Consolidated Financial Statements.

#### *Foreign currency transaction gains (losses), net*

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

	Year ended December 31,	
	2013	2012
	in millions	
U.S. dollar denominated debt issued by our company.....	£ 155.4	£ (0.1)
Related-party payables and receivables denominated in a currency other than the entity's functional currency (a).....	(38.5)	—
Cash and restricted cash denominated in a currency other than the entity's functional currency .....	21.5	(7.7)
Other.....	2.1	1.5
Total.....	<u>£ 140.5</u>	<u>£ (6.3)</u>

- (a) Amount primarily relates to our U.S. dollar-denominated notes receivable from Lynx Europe 2. Accordingly, this amount is a function of movements of the U.S. dollar against the pound sterling. During the fourth quarter of 2013, the U.S. dollar-denominated notes receivable from Lynx Europe 2 were redenominated to pound sterling and as a result, we no longer record foreign currency transaction gains (losses) related to these notes.

#### *Other income, net*

Our other income, net, decreased £6.0 million during 2013, as compared to 2012, due primarily to the reversal of a £5.5 million provision during the second quarter of 2012 that was originally recorded in connection with a contingency associated with certain of our legacy debt.

#### *Income tax benefit (expense)*

We recognized income tax expense of £215.6 million and income tax benefit of £2,652.0 million during 2013 and 2012, respectively.



The income tax expense during 2013 differs from the expected income tax benefit of £60.4 million (based on the U.S. federal income tax rate of 35%) due primarily to the negative impacts of (i) a reduction in net deferred tax assets in the U.K. due to enacted changes in tax law, (ii) a net increase in valuation allowances and (iii) certain permanent differences between the financial and tax accounting treatment of items associated with investments in subsidiaries. The negative impact of these items was partially offset by the positive impact of certain permanent differences between the financial and tax accounting treatment of interest and other items.

The income tax benefit during 2012 differs from the expected income tax expense of £91.5 million (based on the U.S. federal income tax rate of 35%) due primarily to the positive impacts of (i) a net decrease in valuation allowances of £2,675.7 million primarily related to the reversal of valuation allowances on certain of our U.K. deferred tax assets as these tax assets were deemed realizable in the period and (ii) certain permanent differences between the financial and tax accounting treatment of interest and other items. The reversal of the valuation allowance is attributable to the accumulation of positive evidence on the realizability of these deferred tax assets, including (i) pre-tax income generated for the each of the two years ended December 31, 2012, (ii) capital allowances and net operating losses that do not expire, (iii) improved financial performance and (iv) our then forecasted projections of future taxable income, which, as of the fourth quarter of 2012, outweighed the negative evidence, which was primarily a history of taxable losses in periods prior to 2011.

For additional information concerning our income taxes, see note 8 to the December 31, 2013 Consolidated Financial Statements.

#### *Net earnings (loss)*

During 2013 and 2012, we reported net earnings (loss) of (£388.1 million) and £2,913.4 million, respectively, including (i) operating income of £156.4 million and £698.8 million, respectively, (ii) non-operating expense of £328.9 million and £437.4 million, respectively, and (iii) income tax benefit (expense) of (£215.6 million) and £2,652.0 million, respectively.

#### **2012 compared to 2011**

##### *Revenue*

Our revenue by major category is set forth below:

	Year ended December 31,		Increase (decrease)	
	2012	2011	£	%
	in millions			
Subscription revenue:				
Digital cable .....	£ 886.9	£ 819.9	£ 67.0	8.2
Broadband internet .....	800.3	729.0	71.3	9.8
Fixed-line telephony .....	998.3	1,029.5	(31.2)	(3.0)
Cable subscription revenue .....	2,685.5	2,578.4	107.1	4.2
Mobile .....	437.9	428.9	9.0	2.1
Total subscription revenue .....	3,123.4	3,007.3	116.1	3.9
B2B revenue .....	670.3	637.5	32.8	5.1
Other revenue (a) .....	306.8	347.0	(40.2)	(11.6)
Total revenue .....	£ 4,100.5	£ 3,991.8	£ 108.7	2.7

(a) Other revenue includes interconnect revenue, non-cable services, mobile handset sales and installation revenue.

The details of our revenue increase for 2012, as compared to 2011, are as follows (in millions):

Increase in cable subscription revenue due to change in:	
Average number of RGUs (a) .....	£ 28.4
ARPU (b) .....	78.7
Total increase in cable subscription revenue .....	107.1
Increase in mobile revenue (c) .....	9.0
Total increase in subscription revenue .....	116.1

Increase in B2B revenue.....	32.8
Decrease in other revenue (d).....	(40.2)
Total.....	<u>£ 108.7</u>

- (a) The increase in our cable subscription revenue related to a change in the average number of RGUs is primarily attributable to increases in the average numbers of broadband internet, digital cable and fixed-line telephony RGUs.
- (b) The increase in our cable subscription revenue related to a change in ARPU is due to the net effect of (i) a net increase resulting from the following factors: (a) higher ARPU due to April 2012 price increases for certain broadband internet, digital cable and telephony services, (b) lower ARPU due to lower usage of fixed-line telephony and (c) higher ARPU due to the launch of TiVo-enabled set-top boxes and (ii) an adverse change in RGU mix attributable to lower proportions of digital cable and telephony RGUs.
- (c) The increase in mobile subscription revenue is due to the net effect of (i) an increase in the number of customers taking postpaid mobile services, (ii) a decrease in the number of prepaid mobile customers, (iii) a reduction in chargeable usage as subscribers move to unlimited usage bundles and (iv) a decrease due to higher proportions of our postpaid customers taking lower-priced SIM-only contracts. In addition, mobile subscription revenue was positively impacted by a nonrecurring adjustment of £2.8 million during 2012.
- (d) The decrease in other revenue is primarily due to (i) a decline in interconnect revenue as the result of (a) lower mobile and data termination rates and (b) lower fixed-line telephony termination rates, (ii) a decline in our non-cable internet subscriber base and (iii) lower cable installation activities.

Our B2B revenue by category is set forth below:

	Year ended December 31,		Increase (decrease)	
	2012	2011	£	%
	in millions			
Data (a).....	£ 393.1	£ 373.0	£ 20.1	5.4
Voice (b).....	162.1	171.9	(9.8)	(5.7)
Other (c).....	115.1	92.6	22.5	24.3
Total B2B revenue.....	<u>£ 670.3</u>	<u>£ 637.5</u>	<u>£ 32.8</u>	<u>5.1</u>

- (a) Data revenue increased by £20.1 million or 5.4% during 2012, as compared to 2011, primarily due to higher contract acquisitions leading to an increase in rental revenue.
- (b) Voice revenue decreased by £9.8 million or 5.7% during 2012, as compared to 2011, primarily due to (i) a decrease in fixed-line telephony call volume, (ii) lower pricing and (iii) a nonrecurring reduction in revenue of £2.8 million during the third quarter of 2012 as a result of a regulatory ruling.
- (c) Other revenue increased by £22.5 million or 24.3% during 2012, as compared to 2011, primarily due to the net effect of (i) an increase in installation fees, (ii) an increase due to nonrecurring contract termination and modification fees and other non-recurring items aggregating £19.2 million that were recognized during 2012 and (iii) a decrease in low margin equipment sales.

#### Operating expenses

Our total operating expenses increased £6.3 million or 0.3% during 2012, as compared to 2011. This increase includes the following factors:

- A decrease in interconnect and access costs of £43.1 million or 10.3%, due primarily to the net effect of (i) lower mobile and fixed-line telephony termination rates, (ii) a decline in B2B and residential telephony call volumes and (iii) a net decrease due to the impact of (a) the release of accruals associated with the settlement and reassessment of operational contingencies of £12.6 million during 2012 and (b) the release of an accrual associated with the reassessment of an operational contingency of £6.1 million in 2011;
- An increase of £38.9 million in other direct costs primarily due to higher B2B circuit rental costs largely due to the acquisition of a new customer;
- A decrease in outsourced labor and professional fees of £29.0 million or 28.9%, due primarily to decreased call center costs mainly from the insourcing of certain customer care functions;

- An increase in programming and related costs of £24.6 million or 5.1%, due primarily to the impact of (i) growth in digital videos services and (ii) an increase of £3.8 million due to the impact of an accrual release during 2011 in connection with the settlement of an operational contingency;
- An increase in personnel costs of £12.1 million or 5.4%, due primarily to (i) an increase in staffing levels and (ii) a decrease in capitalized costs due to the net effect of (a) a decrease in the level of capitalizable activities and (b) adjustments made to our capitalization policy in the fourth quarter of 2012 to begin capitalizing certain upgrade activities that had not previously been capitalized;
- An increase in network-related costs of £10.8 million or 6.5%, due largely to the net impact of (i) the negative impact of a £6.5 million favorable settlement of an operational contingency during 2011, (ii) a £3.5 million decrease due to adjustments made to our capitalization policy in the fourth quarter of 2012 to begin capitalizing certain upgrade activities that had not previously been capitalized and (iii) higher maintenance costs;
- A decrease in bad debt and collection expenses of £6.5 million or 11.3% due to improved collection experience; and
- An increase in facilities costs of £1.3 million or 2.2%, primarily due to the net impact of (i) the negative impact of an accrual release of £15.1 million during 2011 and (ii) property tax refunds of £9.6 million received during 2012.

#### *SG&A expenses*

Our total SG&A expenses (exclusive of share-based compensation) increased £40.1 million or 7.9% during 2012, as compared to 2011. This increase includes the following factors:

- An increase in marketing and advertising costs of £32.0 million or 18.2%, primarily due to higher advertising and promotional activities;
- An increase in facilities related expense of £7.1 million, primarily due to the negative impact of an accrual release of £6.5 million during 2011; and
- An increase in outsourced labor and professional fees of £6.5 million, primarily due to an increase in consulting costs.

#### *Share-based compensation expense (included in SG&A expenses)*

Share-based compensation expense prior to the LG/VM Transaction includes amounts for options, shares and performance shares related to the common stock of Old Virgin Media. A summary of the share-based compensation expense that is included in our SG&A expenses is set forth below:

	<b>Year ended December 31,</b>	
	<b>2012</b>	<b>2011</b>
	<b>in millions</b>	
Performance-based incentive awards.....	£ 7.2	£ 10.7
Other share-based incentive awards .....	18.6	16.3
Total.....	<u>£ 25.8</u>	<u>£ 27.0</u>

For additional information concerning our share-based compensation, see note 10 to the December 31, 2013 Consolidated Financial Statements.

#### *Depreciation and amortization expense*

Our depreciation and amortization expense decreased £80.0 million or 7.6% during 2012, as compared to 2011, due primarily to the net impact of (i) a decrease in amortization expense as a result of intangible assets becoming fully amortized in 2011 and (ii) an increase associated with property and equipment additions related to the installation of customer premises equipment, the expansion and upgrade of our networks and other capital initiatives.

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

We recognized impairment, restructuring and other operating charges (credits) of (£11.8 million) and £6.8 million during 2012 and 2011, respectively. The 2012 amount includes a net gain of £12.5 million related to the termination of a capital lease during the second quarter of 2012. The 2011 amount primarily relates to employee termination and contract and lease exit costs.

### *Interest expense—third-party*

Our third-party interest expense decreased £42.2 million or 9.6% during 2012, as compared to 2011, due primarily to (i) lower average outstanding third-party debt balances, (ii) lower weighted average interest rates and (iii) a decrease in interest expense due to the effect of interest rate swaps and cross-currency interest rate swaps that were designated as accounting hedges. As described in note 4 to the December 31, 2013 Consolidated Financial Statements, we applied hedge accounting to certain of our derivative instruments prior to the LG/VM Transaction.

For additional information regarding our outstanding third-party indebtedness, see note 7 to the December 31, 2013 Consolidated Financial Statements.

### *Gain (loss) on debt modification and extinguishment, net*

We recognized losses on debt modification and extinguishment, net, of £187.8 million and £47.2 million during 2012 and 2011.

The loss during 2012 relates to the redemption of (i) \$1,350.0 million (£814.9 million) principal amount of the 9.5% Senior Notes, (ii) \$92.9 million (£56.1 million) principal amount of the 2019 VM Dollar Senior Notes, (iii) €180.0 million (£149.8 million) principal amount of the 9.5% Senior Notes and (iv) £96.5 million principal amount of the 2019 VM Sterling Senior Notes. In connection with these transactions, we recognized losses on debt extinguishment of £187.8 million representing (i) premiums paid of £152.1 million, (ii) the write-off of unamortized original issue discounts of £22.6 million and (iii) the write-off of £13.1 million of deferred financing costs.

The loss during 2011 relates to the redemption of an existing senior credit facility and \$550.0 million (£332.0 million) principal amount of 9.125% senior notes. In connection with these transactions, we recognized losses on debt extinguishment of £47.2 million representing the write-off of £30.7 million of deferred financing costs and premiums paid of £16.5 million.

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

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

	Year ended December 31,	
	2012	2011
	in millions	
Equity-related derivative instruments (a) .....	£ 174.1	£ (43.3)
Cross-currency and interest rate derivative contracts (b).....	(25.2)	(8.3)
Foreign currency forward contracts .....	(0.8)	0.9
Total .....	£ 148.1	£ (50.7)

(a) These amounts represent activity related to the Virgin Media Capped Calls. The fair values of our equity-related derivative instruments are primarily impacted by the trading prices of the underlying security.

(b) The loss during 2012 is primarily attributable to (i) losses associated with decreases in market interest rates in the pound sterling market and (ii) losses associated with an increase in the value of the pound sterling relative to the U.S. dollar. In addition, the loss during 2012 includes a net gain of £6.3 million resulting from changes in our credit risk valuation adjustments. The loss during 2011 is primarily attributable to the net effect of (i) a gain associated with the reclassification from accumulated other comprehensive income to earnings of £31.1 million in conjunction with the discontinuation of hedge accounting on our derivative instruments previously designated as cash flow hedges, (ii) losses associated with decreases in market interest rates in the pound sterling market, (iii) losses associated with settlements of derivative instruments that were not designated as hedges for accounting purposes and (iv) gains associated with a decrease in the value of the pound sterling relative to the U.S. dollar. In addition, the loss during 2011 includes a net loss of £8.6 million resulting from changes in our credit risk valuation adjustments.

For additional information concerning our derivative instruments, see notes 4 and 5 to the December 31, 2013 Consolidated Financial Statements.

*Foreign currency transaction gains (losses), net*

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

	Year ended December 31,	
	2012	2011
	in millions	
Cash and restricted cash denominated in a currency other than the entity's functional currency .....	£ (7.7)	£ 2.9
U.S. dollar denominated debt issued by our company.....	(0.1)	(2.3)
Other .....	1.5	(3.0)
Total .....	<u>£ (6.3)</u>	<u>£ (2.4)</u>

*Other income, net*

Our other income, net, decreased £90.3 million during 2012, as compared to 2011, due primarily to a refund received in 2011 related to an agreement with the U.K. tax authorities regarding the VAT treatment of certain of our revenue generating activities.

*Income tax benefit (expense)*

We recognized income tax benefit of £2,652.0 million and income tax expense of £16.0 million during 2012 and 2011, respectively.

The income tax benefit during 2012 differs from the expected income tax expense of £91.5 million (based on the U.S. federal income tax rate of 35%) due primarily to the positive impacts of (i) a net decrease in valuation allowances of £2,675.7 million primarily related to the reversal of valuation allowances on certain of our U.K. deferred tax assets as these tax assets were deemed realizable in the period and (ii) certain permanent differences between the financial and tax accounting treatment of interest and other items. The reversal of the valuation allowance is attributable to the accumulation of positive evidence on the realizability of these deferred tax assets, including (i) pre-tax income generated for the each of the two years ended December 31, 2012, (ii) capital allowances and net operating losses that do not expire, (iii) improved financial performance and (iv) our then forecasted projections of future taxable income, which, as of the fourth quarter of 2012, outweighed the negative evidence, which was primarily a history of taxable losses in periods prior to 2011.

The income tax expense during 2011 differs from the expected income tax expense of £32.6 million (based on the U.S. federal income tax rate of 35%) due primarily to the positive impact of a net decrease in valuation allowances. The positive impact of this item was partially offset by the negative impacts of (i) certain permanent differences between the financial and tax accounting treatment of interest and other items and (ii) certain permanent differences between the financial and tax accounting treatment of items associated with investments in subsidiaries.

For additional information concerning our income taxes, see note 8 to the December 31, 2013 Consolidated Financial Statements.

*Earnings (loss) from continuing operations*

During 2012 and 2011, we reported earnings from continuing operations of £2,913.4 million and £77.1 million, respectively, including (i) operating income of £698.8 million and £536.7 million, respectively, (ii) non-operating expense of £437.4 million and £443.6 million, respectively, and (iii) income tax benefit (expense) of £2,652.0 million and (£16.0 million), respectively.

## **Liquidity and Capital Resources**

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

#### ***Cash and cash equivalents***

At September 30, 2014, we had cash and cash equivalents of £30.8 million, of which £30.2 million was held by our subsidiaries. The terms of the instruments governing the indebtedness of certain of these subsidiaries may restrict our ability to access the assets of these subsidiaries. In addition, our ability to access the liquidity of our subsidiaries may be limited by tax and legal considerations and other factors.

#### ***Liquidity of Virgin Media***

Our sources of liquidity at the parent level include (i) our cash and cash equivalents, (ii) funding from Lynx Europe 2 (and ultimately from Liberty Global or other Liberty Global subsidiaries) in the form of loans or contributions, as applicable, and (iii) subject to the restrictions noted above, proceeds in the form of distributions or loans from our subsidiaries. For information regarding limitations imposed by our subsidiaries' debt instruments, see note 6 to the September 30, 2014 Condensed Consolidated Financial Statements.

The ongoing cash needs of Virgin Media include corporate general and administrative expenses and interest expense on the VM Convertible Notes. From time to time, Virgin Media may also require cash in connection with (i) the repayment of outstanding debt and related-party obligations, (ii) the satisfaction of contingent liabilities or (iii) acquisitions and other investment opportunities. No assurance can be given that funding from Lynx Europe 2 (and ultimately from Liberty Global or other Liberty Global subsidiaries), our subsidiaries or external sources would be available on favorable terms, or at all.

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

In addition to cash and cash equivalents, the primary sources of liquidity of our operating subsidiaries are cash provided by operations and, in the case of VMIH, any borrowing availability under the VM Credit Facility. For details of the borrowing availability of the VM Credit Facility, see note 6 to the September 30, 2014 Condensed Consolidated Financial Statements.

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

### ***Capitalization***

As further discussed in note 3 to the September 30, 2014 Condensed Consolidated Financial Statements, we use derivative instruments to mitigate foreign currency and interest rate risk associated with our debt instruments.

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

At September 30, 2014, our outstanding consolidated debt and capital lease obligations aggregated £8,462.2 million, including £242.6 million that is classified as current in our condensed consolidated balance sheet and £8,148.7 million that is not due until 2019 or thereafter.

Notwithstanding our negative working capital position at September 30, 2014, we believe that we have sufficient resources to repay or refinance the current portion of our debt and capital lease obligations and to fund

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

With the exception of the VM Convertible Notes, all of our consolidated debt and capital lease obligations at September 30, 2014 have been borrowed or incurred by our subsidiaries. For additional information concerning our debt and capital lease obligations, see note 6 to the September 30, 2014 Condensed Consolidated Financial Statements.

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

*General.* All of the cash flows discussed below are those of our continuing operations.

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

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

	<u>Successor</u>		<u>Predecessor</u>	<u>Combined</u>	
	<u>Nine months ended September 30, 2014</u>	<u>Period from June 8 to September 30, 2013</u>	<u>Period from January 1 to June 7, 2013</u>	<u>Nine months ended September 30, 2013</u>	<u>Change</u>
Net cash provided by operating activities.....	£ 1,151.2	£ 306.3	£ 588.1	£ 894.4	£ 256.8
Net cash used by investing activities .....	(1,214.9)	(2,539.8)	(309.3)	(2,849.1)	1,634.2
Net cash provided (used) by financing activities .....	(246.4)	2,028.1	(38.9)	1,989.2	(2,235.6)
Effect of exchange rate changes on cash .....	(2.1)	(6.3)	0.9	(5.4)	3.3
Net increase (decrease) in cash and cash equivalents.....	£ (312.2)	£ (211.7)	£ 240.8	£ 29.1	£ (341.3)

*Operating Activities.* The increase in net cash provided by our operating activities is primarily attributable to the net effect of (i) an increase in the cash provided by our operating cash flow and related working capital items and (ii) a decrease in cash provided due to higher net cash payments for interest.

*Investing Activities.* The decrease in net cash used by our investing activities is primarily attributable to (i) a decrease in cash used to fund loans to subsidiaries of Liberty Global of £1,542.6 million and (ii) a decrease in cash used due to lower capital expenditures of £103.4 million.

The capital expenditures that we report in our consolidated statements of cash flows do not include amounts that are financed under vendor financing or capital lease arrangements. Instead, these amounts are reflected as non-cash additions to our property and equipment when the underlying assets are delivered, and as repayments of debt when the principal is repaid. In the following discussion, we refer to (i) our capital expenditures as reported in our consolidated statements of cash flows, which exclude amounts financed under vendor financing or capital lease arrangements, and (ii) our total property and equipment additions, which include our capital expenditures on an accrual basis and amounts financed under vendor financing or capital lease arrangements. A reconciliation of our consolidated property and equipment additions to our consolidated capital expenditures as reported in the condensed consolidated statements of cash flows is set forth below:

	Nine months ended September 30,	
	2014	2013
	in millions	
Property and equipment additions .....	£ 643.5	£ 660.7
Assets acquired under capital leases .....	(27.8)	(86.6)
Assets acquired under capital-related vendor financing arrangements .....	(133.2)	—
Changes in liabilities related to capital expenditures .....	(22.0)	(10.2)
Capital expenditures .....	£ 460.5	£ 563.9

The decrease in our property and equipment additions is primarily due to a decrease in expenditures for the purchase and installation of customer premises equipment and scalable infrastructure.

*Financing Activities.* The change in net cash provided (used) by our financing activities is primarily attributable to the net effect of (i) a decrease in cash due to the release of restricted cash in connection with the LG/VM Transaction of £2,313.6 million during the 2013 period, (ii) a decrease in cash from a capital contribution of £2,290.6 million, (iii) an increase in cash of £1,930.9 million related to lower net repayments and repurchases of third-party debt and capital lease obligations, (iv) an increase in cash related to lower net repayments of related-party debt of £832.2 million and (v) a decrease in cash received on our derivative instruments of £392.5 million.

#### Consolidated Statements of Cash Flows—2013 compared to 2012

*Summary.* The 2013 and 2012 consolidated statements of cash flows are summarized as follows (in millions):

	Successor	Predecessor	Combined	Predecessor	
	Period from June 8 to December 31, 2013	Period from January 1 to June 7, 2013	Year ended December 31, 2013 (a)	Year ended December 31, 2012	Change
Net cash provided by operating activities .....	£ 562.5	£ 588.1	£ 1,150.6	£ 1,198.9	£ (48.3)
Net cash used by investing activities .....	(2,773.4)	(309.3)	(3,082.7)	(783.0)	(2,299.7)
Net cash provided (used) by financing activities .....	2,004.5	(38.9)	1,965.6	(500.6)	2,466.2
Effect of exchange rate changes on cash .....	(5.4)	0.9	(4.5)	(9.4)	4.9
Net increase (decrease) in cash and cash equivalents .....	£ (211.8)	£ 240.8	£ 29.0	£ (94.1)	£ 123.1

- (a) In order to provide a more meaningful basis for comparing the consolidated statements of cash flows for the year ended December 31, 2013 to the corresponding prior year period, we have presented financial information for the year ended December 31, 2013 that reflects the combination of the results for the 2013 Predecessor and Successor periods. The combination of Predecessor and Successor periods is not permitted by GAAP and has not been prepared with a view towards complying with Article 11 of Regulation S-X.

*Operating Activities.* The decrease in net cash provided by our operating activities is primarily attributable to (i) a decrease in cash provided due to higher cash payments for interest and (ii) a decrease in cash provided due to higher cash payments related to derivative instruments.

*Investing Activities.* The increase in net cash used by our investing activities is primarily attributable to the net effect of (i) an increase in cash used to fund a loan to a subsidiary of Liberty Global of £2,356.3 million and (ii) a decrease in cash used due to lower capital expenditures of £50.2 million.

The capital expenditures that we report in our consolidated statements of cash flows do not include amounts that are financed under vendor financing or capital lease arrangements. Instead, these amounts are reflected as non-cash additions to our property and equipment when the underlying assets are delivered, and as



repayments of debt when the principal is repaid. In the following discussion, we refer to (i) our capital expenditures as reported in our consolidated statements of cash flows, which exclude amounts financed under vendor financing or capital lease arrangements, and (ii) our total property and equipment additions, which include our capital expenditures on an accrual basis and amounts financed under vendor financing or capital lease arrangements. A reconciliation of our consolidated property and equipment additions to our consolidated capital expenditures as reported in the consolidated statements of cash flows is set forth below:

	Year ended December 31,	
	2013	2012
	in millions	
Property and equipment additions .....	£ 867.6	£ 883.4
Assets acquired under capital leases .....	(93.0)	(88.9)
Assets acquired under capital-related vendor financing arrangements .....	(34.8)	—
Changes in current liabilities related to capital expenditures .....	(7.5)	(12.0)
Capital expenditures .....	£ 732.3	£ 782.5

The decrease in our property and equipment additions is primarily due to the net impact of (i) a decrease in expenditures for the purchase and installation of customer premises equipment, (ii) an increase in expenditures for new build and upgrade projects to expand services and (iii) an increase in expenditures for support capital, such as information technology upgrades and general support systems. During 2013 and 2012, our property and equipment additions represented 21.1% and 21.5% of our revenue, respectively. For 2014, we expect our consolidated property and equipment additions to range from 19% to 21% of our total revenue.

*Financing Activities.* The change in net cash provided (used) by our financing activities is primarily attributable to the net effect of (i) an increase in cash from a capital contribution of £3,278.0 million, (ii) an increase in cash due to the release of restricted cash in connection with the LG/VM Transaction of £2,313.6 million, (iii) a decrease in cash related to higher net repayments of third-party debt of £2,153.7 million, (iv) a decrease in cash related to higher net repayments of related-party debt of £1,819.6 million, (v) an increase in cash related to higher payments received on our derivative instruments of £390.3 million and (vi) an increase in cash due to lower repurchases of common stock of £330.2 million.

#### Consolidated Statements of Cash Flows—2012 compared to 2011

*Summary.* The 2012 and 2011 consolidated statements of cash flows are summarized as follows:

	Year ended December 31,		
	2012	2011	Change
	in millions		
Net cash provided by operating activities .....	£ 1,198.9	£ 1,158.8	£ 40.1
Net cash used by investing activities .....	(783.0)	(314.7)	(468.3)
Net cash used by financing activities .....	(500.6)	(1,013.8)	513.2
Effect of exchange rate changes on cash .....	(9.4)	1.0	(10.4)
Net decrease in cash and cash equivalents .....	£ (94.1)	£ (168.7)	£ 74.6

*Operating Activities.* The increase in net cash provided by our operating activities is primarily attributable to the net effect of (i) an increase in cash provided due to lower cash payments for interest, (ii) an increase in cash provided due to lower cash payments related to derivative instruments and (iii) a decrease in the cash provided by our operating cash flow and related working capital charges, as an increase in our operating cash flow was more than offset by a decrease in the related working capital items.

*Investing Activities.* The increase in net cash used by our investing activities is primarily attributable to (i) an increase in cash used of £243.4 million related to lower proceeds from the sale of equity investments, (ii) an increase in cash used of £125.8 million due to higher capital expenditures and (iii) an increase in cash used of £108.2 million associated with a loan repayment from an equity investee during 2011.

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

	Year ended December 31,	
	2012	2011
	in millions	
Property and equipment additions .....	£ 883.4	£ 763.0
Assets acquired under capital leases .....	(88.9)	(91.2)
Changes in current liabilities related to capital expenditures.....	(12.0)	(15.1)
Capital expenditures .....	£ 782.5	£ 656.7

The increase in our property and equipment additions is primarily due to the net effect of (i) an increase in expenditures for new build and upgrade projects to expand services and (ii) a decrease in expenditures for the purchase and installation of customer premises equipment. During 2012 and 2011, our property and equipment additions represented 21.5% and 19.1% of our revenue, respectively.

*Financing Activities.* The decrease in net cash used by our financing activities is primarily attributable to the net effect of (i) a decrease in cash used of £433.3 million related to higher net borrowings of debt, (ii) a decrease in cash used of £304.8 million due to lower repurchases of common stock, (iii) an increase in cash used of £125.1 million due to higher payments of financing costs and debt premiums and (vi) an increase in cash used of £94.3 million due to lower cash received related to derivative instruments.

### Off Balance Sheet Arrangements

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

### Contractual Commitments

The pound sterling equivalents of our contractual commitments as of September 30, 2014 are presented below:

	Payments due during:							Total	
	Remainder of 2014	Year ending December 31,							
		2015	2016	2017	2018	2019	Thereafter		
		in millions							
Debt (excluding interest).....	£ 35.2	£ 127.3	£ —	£ —	£ —	£ 941.1	£ 7,113.7	£ 8,217.3	
Capital leases (excluding interest).....	23.5	69.0	39.9	15.7	1.5	0.1	34.6	184.3	
Programming commitments ....	114.3	361.2	336.1	297.1	294.1	142.2	—	1,545.0	
Network and connectivity commitments ....	25.2	96.9	77.7	76.1	18.6	0.6	4.6	299.7	
Purchase commitments ....	199.4	71.5	—	—	—	—	—	270.9	
Operating leases.....	9.5	34.7	28.4	21.8	16.1	10.1	40.9	161.5	
Other commitments ....	25.4	88.5	39.5	28.4	11.0	—	—	192.8	
Total (a).....	£ 432.5	£ 849.1	£ 521.6	£ 439.1	£ 341.3	£ 1,094.1	£ 7,193.8	£ 10,871.5	
Projected cash interest payments on debt and capital lease obligations (b)...	£ 151.2	£ 460.7	£ 436.4	£ 432.9	£ 432.5	£ 420.2	£ 1,122.3	£ 3,456.2	

(a) The commitments reflected in this table do not reflect any liabilities that are included in our September 30, 2014 condensed consolidated balance sheet other than debt and capital lease obligations.

- (b) Amounts are based on interest rates, interest payment dates and contractual maturities in effect as of September 30, 2014. These amounts are presented for illustrative purposes only and will likely differ from the actual cash payments required in future periods. In addition, the amounts presented do not include the impact of our interest rate derivative contracts, deferred financing costs, discounts or premiums, all of which affect our overall cost of borrowing.

Programming commitments consist of obligations associated with certain of our programming and sports rights contracts that are enforceable and legally binding on us in that we have agreed to pay minimum fees without regard to (i) the actual number of subscribers to the programming services, (ii) whether we terminate service to a portion of our subscribers or dispose of a portion of our distribution systems or (iii) whether we discontinue our premium film or sports services. In addition, programming commitments do not include increases in future periods associated with contractual inflation or other price adjustments. Accordingly, the amounts reflected in the above table with respect to these contracts are significantly less than the amounts we expect to pay in these periods under these contracts. Payments to programming vendors have in the past represented, and are expected to continue to represent in the future, a significant portion of our operating costs. In this regard, during the nine months ended September 30, 2014 and 2013, the programming costs incurred aggregated £422.9 million and £396.6 million, respectively. The ultimate amount payable in excess of the contractual minimums of our content contracts is dependent upon the number of subscribers to our service.

Network and connectivity commitments include, among other items, only the fixed minimum commitments associated with our MVNO agreement. As such, the commitments shown in the above table may be significantly less than the actual amounts we ultimately pay in these periods.

Purchase commitments include unconditional purchase obligations associated with commitments to purchase customer premises and other equipment that are enforceable and legally binding on us.

In addition to the commitments set forth in the table above, we have significant commitments under (i) derivative instruments and (ii) defined benefit plans and similar agreements, pursuant to which we expect to make payments in future periods. For information concerning our derivative instruments, including the net cash paid or received in connection with these instruments during the nine months ended September 30, 2014 and 2013, see note 3 to the September 30, 2014 Condensed Consolidated Financial Statements.

### **Critical Accounting Policies, Judgments and Estimates**

In connection with the preparation of our consolidated financial statements, we make estimates and assumptions that affect the reported amounts of assets and liabilities, revenue and expenses and related disclosure of contingent assets and liabilities. Critical accounting policies are defined as those policies that are reflective of significant judgments, estimates and uncertainties, which would potentially result in materially different results under different assumptions and conditions. We believe the following accounting policies are critical in the preparation of our consolidated financial statements because of the judgment necessary to account for these matters and the significant estimates involved, which are susceptible to change:

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

We have discussed the selection of the aforementioned critical accounting policies with the audit committee of Liberty Global's board of directors. For additional information concerning our significant accounting policies, see note 2 to the December 31, 2013 Consolidated Financial Statements.

### ***Impairment of Property and Equipment and Intangible Assets***

*Carrying Value.* The aggregate carrying value of our property and equipment and intangible assets (including goodwill) that were held for use comprised 74% of our total assets at December 31, 2013.

We review, when circumstances warrant, the carrying amounts of our property and equipment and our intangible assets (other than goodwill) to determine whether such carrying amounts continue to be recoverable. Such changes in circumstance may include, among other items, (i) an expectation of a sale or disposal of a long-lived asset or asset group, (ii) adverse changes in market or competitive conditions, (iii) an adverse change in

legal factors or business climate in the markets in which we operate and (iv) operating or cash flow losses. 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, generally at or below the reporting unit level (see below). If the carrying amount of the asset or asset group is greater than the expected undiscounted cash flows to be generated by such asset or asset group, an impairment adjustment is recognized. Such adjustment is measured by the amount that the carrying value of such asset or asset group exceeds its fair value. We generally measure fair value by considering (a) sale prices for similar assets, (b) discounted estimated future cash flows using an appropriate discount rate and/or (c) estimated replacement cost. Assets to be disposed of are carried at the lower of their financial statement carrying amount or fair value less costs to sell.

We evaluate the goodwill for impairment at least annually on October 1 and whenever other facts and circumstances indicate that the carrying amounts of goodwill may not be recoverable. For impairment evaluations on goodwill, we first make a qualitative assessment to determine if the goodwill may be impaired. If it is more likely than not that a reporting unit's fair value is less than its carrying value, we then compare the fair value of the reporting unit to its respective carrying amount. A reporting unit is an operating segment or one level below an operating segment (referred to as a "component"). We have identified one reporting unit to which all goodwill is assigned. 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.

When required, considerable management judgment is necessary to estimate the fair value of reporting units and underlying long-lived and indefinite-lived assets. We typically determine fair value using an income-based approach (discounted cash flows) based on assumptions in our long-range business plans and, in some cases, a combination of an income-based approach and a market-based approach. With respect to our discounted cash flow analysis used in the income-based approach, the timing and amount of future cash flows under these business plans require estimates, among other items, of subscriber growth and retention rates, rates charged per product, expected gross margin and operating cash flow margins and expected property and equipment additions. The development of these cash flows, and the discount rate applied to the cash flows, is subject to inherent uncertainties, and actual results could vary significantly from such estimates. Our determination of the discount rate is based on a weighted average cost of capital approach, which uses a market participant's cost of equity and after-tax cost of debt and reflects the risks inherent in the cash flows. Based on the results of our 2013 qualitative assessment of our reporting unit carrying value, we determined that it was more-likely-than-not that fair value exceeded carrying value for the reporting unit.

During the period from June 8 to December 31, 2013, the period from January 1 to June 7, 2013 and the years ended December 31, 2012 and December 31, 2011, we recorded no material impairments of our property and equipment and intangible assets (including goodwill). For additional information, see note 6 to the December 31, 2013 Consolidated Financial Statements.

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

#### ***Costs Associated with Construction and Installation Activities***

We capitalize costs associated with the construction of new cable transmission and distribution facilities and the installation of new cable services. 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 broadband 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 as incurred.

The nature and amount of labor and other costs to be capitalized with respect to construction and installation activities involves significant judgment. In addition to direct external and internal labor and materials, we also capitalize other costs directly attributable to our construction and installation activities, including dispatch costs, quality-control costs, vehicle-related costs and certain warehouse-related costs. The capitalization of these costs is based on time sheets, time studies, standard costs, call tracking systems and other verifiable means that directly link the costs incurred with the applicable capitalizable activity. We continuously monitor the appropriateness of our capitalization policies and update the policies when necessary to respond to

changes in facts and circumstances, such as the development of new products and services, and changes in the manner that installations or construction activities are performed.

### ***Useful Lives of Long-Lived Assets***

We depreciate our property and equipment on a straight-line basis over the estimated useful life of the assets. The determination of the useful lives of property and equipment requires significant management judgment, based on factors such as the estimated physical lives of the assets, technological changes, changes in anticipated use, legal and economic factors, rebuild and equipment swap-out plans, and other factors. Our intangible assets with finite lives consist of customer relationships. Customer relationship intangible assets are amortized on a straight-line basis over the estimated weighted average life of the customer relationships. The determination of the estimated useful life of customer relationship intangible assets requires significant management judgment and is primarily based on historical and forecasted subscriber disconnect rates, adjusted when necessary for risk associated with demand, competition, technological changes and other economic factors. We regularly review whether changes to estimated useful lives are required in order to accurately reflect the economic use of our property and equipment and intangible assets with finite lives. Any changes to estimated useful lives are reflected prospectively. Depreciation and amortization expense during the period from June 8 to December 31, 2013, the period from January 1 to June 7, 2013 and the years ended December 31, 2012 and December 31, 2011 was £910.2 million, £432.8 million, £966.4 million and £1,046.4 million, respectively. A 10% increase in the aggregate amount of the depreciation and amortization expense during the combined 2013 Predecessor and Successor periods would have resulted in a £134.3 million or 85.9% decrease in our 2013 operating income.

### ***Fair Value Measurements***

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

*Recurring Valuations.* We perform recurring fair value measurements with respect to our derivative instruments, each of which are carried at fair value. We use (i) cash flow valuation models to determine the fair values of our interest rate and foreign currency derivative instruments and (ii) a binomial option pricing model to determine the fair values of our equity-related derivative instruments. For a detailed discussion of the inputs we use to determine the fair value of our derivative instruments, see note 5 to the December 31, 2013 Consolidated Financial Statements. See also note 4 to the December 31, 2013 Consolidated Financial Statements for information concerning our derivative instruments.

Changes in the fair values of our derivative instruments have had, and we believe will continue to have, a significant and volatile impact on our results of operations. During the period from June 8 to December 31, 2013, the period from January 1 to June 7, 2013 and the years ended December 31, 2012 and December 31, 2011, our continuing operations included net gains (losses) of (£203.4 million), £51.8 million, £148.1 million and (£50.7 million), respectively, attributable to changes in the fair values of these items.

As further described in note 4 to the December 31, 2013 Consolidated Financial Statements, actual amounts received or paid upon the settlement of our derivative instruments may differ materially from the recorded fair values at December 31, 2013.

For information concerning the sensitivity of the fair value of certain of our more significant derivative instruments to changes in market conditions, see “*Quantitative and Qualitative Disclosures About Market Risk—Sensitivity Information*” below.

*Nonrecurring Valuations.* Our nonrecurring valuations are primarily associated with (i) the application of acquisition accounting and (ii) impairment assessments, both of which require that we make fair value determinations as of the applicable valuation date. In making these determinations, we are required to make estimates and assumptions that affect the recorded amounts, including, but not limited to, expected future cash flows, market comparables and discount rates, remaining useful lives of long-lived assets, replacement or reproduction costs of property and equipment and the amounts to be recovered in future periods from acquired net operating losses and other deferred tax assets. To assist us in making these fair value determinations, we may engage third-party valuation specialists. Our estimates in this area impact, among other items, the amount

of depreciation and amortization, impairment charges and income tax expense or benefit that we report. Our estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain. All of our long-lived assets were measured at fair value on June 7, 2013 due to the application of acquisition accounting from the LG/VM Transaction and all of our long-lived assets are subject to impairment assessments. For additional information, see notes 3, 5 and 6 to the December 31, 2013 Consolidated Financial Statements.

### ***Income Tax Accounting***

We are required to estimate the amount of tax payable or refundable for the current year and the 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 each taxing jurisdiction in which we operate for the year in which those temporary differences are expected to be recovered or settled. This process requires our management to make assessments regarding the timing and probability of the ultimate tax impact of such items.

Net deferred tax assets are reduced by a valuation allowance if we believe it more-likely-than-not such net deferred tax assets will not be realized. Establishing or reducing 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 strategies. At December 31, 2013, the aggregate valuation allowance provided against deferred tax assets was £2,866.6 million. The actual amount of deferred income tax benefits realized in future periods will likely differ from the net deferred tax assets reflected in our December 31, 2013 balance sheet due to, among other factors, possible future changes in income tax law or interpretations thereof in the jurisdictions in which we operate and differences between estimated and actual future taxable income. Any of such factors could have a material effect on our current and deferred tax positions as reported in our consolidated financial statements. A high degree of judgment is required to assess the impact of possible future outcomes on our current and deferred tax positions.

Tax laws in jurisdictions in which we operate are subject to varied interpretation, and many tax positions we take are subject to significant uncertainty regarding whether the position will be ultimately sustained after review by the relevant tax authority. We recognize the financial statement effects of a tax position when it is more-likely-than-not, based on technical merits, that the position will be sustained upon examination. The determination of whether the tax position meets the more-likely-than-not threshold requires a facts-based judgment using all information available. In certain cases, we have concluded that the more-likely-than-not threshold is not met, and accordingly, the amount of tax benefit recognized in our consolidated financial statements is different than the amount taken or expected to be taken in our tax returns. As of December 31, 2013, the amount of unrecognized tax benefits for financial reporting purposes, but taken or expected to be taken on tax returns, was £7.7 million of which nil would have a favorable impact on our effective income tax rate if ultimately recognized, after considering amounts that we would expect to be offset by valuation allowances.

We are required to continually assess our tax positions, and the results of tax examinations or changes in judgment can result in substantial changes to our unrecognized tax benefits.

We have taxable outside basis differences on certain investments in non-U.S. subsidiaries. We do not recognize the deferred tax liabilities associated with these outside basis differences when the difference is considered essentially permanent in duration. In order to be considered essentially permanent in duration, sufficient evidence must indicate that the foreign subsidiary has invested or will invest its undistributed earnings indefinitely, or that earnings will be remitted in a tax-free liquidation. If circumstances change and it becomes apparent that some or all of the undistributed earnings will be remitted on a taxable basis in the foreseeable future, a net deferred tax liability must be recorded for some or all of the outside basis difference. The assessment of whether these outside basis differences are considered permanent in nature requires significant judgment and is based on management intentions to reinvest the earnings of a foreign subsidiary indefinitely in light of anticipated liquidity requirements and other relevant factors. At December 31, 2013, income and withholding taxes for which a net deferred tax liability might otherwise be required have not been provided on an estimated £4.3 billion of cumulative temporary differences on non-U.S. entities. If our plans or intentions change in the future due to liquidity or other relevant considerations, we could decide that it would be prudent to repatriate significant funds or other assets from one or more of our subsidiaries, even though we would incur a tax liability in connection with any such repatriation. If our plans or intentions were to change in this manner, the recognition of all or a part of these outside basis differences could have an adverse impact on our consolidated net earnings (loss).

For additional information concerning our income taxes, see note 8 to the December 31, 2013 Consolidated Financial Statements.

### **Quantitative and Qualitative Disclosures about Market Risk**

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

#### ***Cash***

We invest our cash in highly liquid instruments that meet high credit quality standards. At December 31, 2013, substantially all of our consolidated cash balances were denominated in pound sterling. However, from a pound sterling perspective, we are slightly exposed to exchange rate risk with respect to certain of our cash balances that are denominated in U.S. dollars. Subject to applicable debt covenants, certain tax considerations and other factors, these U.S. dollar cash balances are available to be used for future liquidity requirements that may be denominated in such currencies.

#### ***Foreign Currency Risk***

We are exposed to foreign currency exchange rate risk with respect to our consolidated debt in situations where our debt is denominated in U.S. dollars. Although we generally seek to match the denomination of our and our subsidiaries' borrowings with our functional currency, market conditions or other factors may cause us to enter into borrowing arrangements that are not denominated in our functional currency (unmatched debt). In these cases, our policy is to provide for an economic hedge against foreign currency exchange rate movements by using derivative instruments to synthetically convert unmatched debt into the applicable underlying currency. At December 31, 2013, substantially all of our debt was either directly or synthetically matched to our functional currency. For additional information concerning the terms of our derivative instruments, see note 4 to the December 31, 2013 Consolidated Financial Statements.

In addition to the exposure that results from the mismatch of our borrowings and our functional currency, we are exposed to foreign currency risk to the extent that we enter into transactions denominated in currencies other than our functional currency (non-functional currency risk), such as equipment purchases, programming contracts, notes payable and notes receivable (including intercompany amounts) that are denominated in a currency other than our functional currency. Changes in exchange rates with respect to amounts recorded in our consolidated balance sheets related to these items will result in unrealized (based upon period-end exchange rates) or realized foreign currency transaction gains and losses upon settlement of the transactions. Moreover, to the extent that our costs and expenses are denominated in currencies other than our functional currency, we will experience fluctuations in our costs and expenses solely as a result of changes in foreign currency exchange rates. Generally, we will consider hedging non-functional currency risks when the risks arise from agreements with third parties that involve the future payment or receipt of cash or other monetary items to the extent that we can reasonably predict the timing and amount of such payments or receipts and the payments or receipts are not otherwise hedged. Certain non-functional currency risks related to our operating and SG&A expenses and property and equipment additions were not hedged as of December 31, 2013. For additional information concerning our derivative instruments, see note 4 to the December 31, 2013 Consolidated Financial Statements.

The relationship between (i) the euro and the U.S. dollar and (ii) the pound sterling, which is our reporting currency, is shown below, per one pound sterling:

	<u>As of December 31,</u>	
	<u>2013</u>	<u>2012</u>
<b>Spot rates:</b>		
Euro.....	1.2014	1.226
U.S. dollar.....	1.6567	1.6189

	Year ended December 31,		
	2013	2012	2011
<b>Average rates:</b>			
Euro.....	1.1776	1.2326	1.1521
U.S. dollar.....	1.5644	1.5852	1.6038

### ***Inflation Risk***

We are subject to inflationary pressures with respect to labor, programming and other costs. While we attempt to increase our revenue to offset increases in costs, there is no assurance that we will be able to do so. Therefore, costs could rise faster than associated revenue, thereby resulting in a negative impact on our operating results, cash flows and liquidity. The economic environment in the U.K. is a function of government, economic, fiscal and monetary policies and various other factors beyond our control that could lead to inflation. We are unable to predict the extent that price levels might be impacted in future periods by the current state of the economies in the U.K.

### ***Interest Rate Risks***

We are exposed to changes in interest rates primarily as a result of our borrowing and investment activities, which include fixed-rate and variable-rate investments and borrowings by our operating subsidiaries. Our primary exposure to variable-rate debt is through our LIBOR-indexed VM Credit Facility.

In general, we seek to enter into derivative instruments to protect against increases in the interest rates on our variable-rate debt. Accordingly, we have entered into various derivative transactions to reduce exposure to increases in interest rates. We use interest rate derivative contracts to exchange, at specified intervals, the difference between fixed and variable interest rates calculated by reference to an agreed-upon notional principal amount. From time to time, we may also use interest rate cap and collar agreements that lock in a maximum interest rate if variable rates rise, but also allow our company to benefit, to a limited extent in the case of collars, from declines in market rates. At December 31, 2013, we effectively paid a fixed interest rate on all of our total debt after considering the impact of our interest rate derivative instruments that convert variable rates to fixed rates. The final maturity dates of our various portfolios of interest rate derivative instruments generally fall short of the respective maturities of the underlying variable-rate debt. In this regard, we use judgment to determine the appropriate maturity dates of our portfolios of interest rate derivative instruments, taking into account the relative costs and benefits of different maturity profiles in light of current and expected future market conditions, liquidity issues and other factors. For additional information concerning the terms of these interest rate derivative instruments, see note 4 to the December 31, 2013 Consolidated Financial Statements.

*Weighted Average Variable Interest Rate.* At December 31, 2013, our variable-rate indebtedness aggregated £2.7 billion, and the weighted average interest rate (including margin) on such variable-rate indebtedness was approximately 3.8%, excluding the effects of interest rate derivative contracts, financing costs, discounts or commitment fees, all of which affect our overall cost of borrowing. Assuming no change in the amount outstanding, and without giving effect to any interest rate derivative contracts, financing costs, discounts or commitment fees, a hypothetical 50 basis point (0.50%) increase (decrease) in our weighted average variable interest rate would increase (decrease) our annual consolidated interest expense and cash outflows by £13.5 million. As discussed above and in note 4 to the December 31, 2013 Consolidated Financial Statements, we use interest rate derivative contracts to manage our exposure to increases in variable interest rates. In this regard, increases in the fair value of these contracts generally would be expected to offset most of the economic impact of increases in the variable interest rates applicable to our indebtedness to the extent and during the period that principal amounts are matched with interest rate derivative contracts.

### ***Counterparty Credit Risk***

We are exposed to the risk that the counterparties to our derivative and other financial instruments, undrawn debt facilities and cash investments will default on their obligations to us. We manage these credit risks through the evaluation and monitoring of the creditworthiness of, and concentration of risk with, the respective counterparties. In this regard, credit risk associated with our financial instruments and undrawn debt facilities is spread across a relatively broad counterparty base of banks and financial institutions. Most of our cash currently is invested in either (i) AAA credit rated money market funds, including funds that invest in government obligations, or (ii) overnight deposits with banks having a minimum credit rating of A by Standard & Poor's or an equivalent rating by Moody's Investor Service. To date, neither the access to nor the value of our cash and cash equivalent balances have been adversely impacted by liquidity problems of financial



institutions. We and our counterparties do not post collateral or other security, nor have we entered into master netting arrangements with any of our counterparties.

At December 31, 2013, our exposure to counterparty credit risk included (i) derivative assets with an aggregate fair value of £155.0 million, (ii) cash and cash equivalent and restricted cash balances of £344.5 million and (iii) aggregate undrawn debt facilities of £660.0 million.

Under our derivative contracts, it is generally only the non-defaulting party that has a contractual option to exercise early termination rights upon the default of the other counterparty and to set off other liabilities against sums due upon such termination. However, in an insolvency of a derivative counterparty, under the laws of certain jurisdictions, the defaulting counterparty or its insolvency representatives may be able to compel the termination of one or more derivative contracts and trigger early termination payment liabilities payable by us, reflecting any mark-to-market value of the contracts for the counterparty. Alternatively, or in addition, the insolvency laws of certain jurisdictions may require the mandatory set-off of amounts due under such derivative contracts against present and future liabilities owed to us under other contracts between us and the relevant counterparty. Accordingly, it is possible that we may be subject to obligations to make payments, or may have present or future liabilities owed to us partially or fully discharged by set-off as a result of such obligations, in the event of the insolvency of a derivative counterparty, even though it is the counterparty that is in default and not us. To the extent that we are required to make such payments, our ability to do so will depend on our liquidity and capital resources at the time. In an insolvency of a defaulting counterparty, we will be an unsecured creditor in respect of any amount owed to us by the defaulting counterparty, except to the extent of the value of any collateral we have obtained from that counterparty.

The risks we would face in the event of a default by a counterparty to one of our derivative instruments might be eliminated or substantially mitigated if we were able to novate the relevant derivative contracts to a new counterparty following the default of our counterparty. While we anticipate that, in the event of the insolvency of one of our derivative counterparties, we would seek to effect such novations, no assurance can be given that we would obtain the necessary consents to do so or that we would be able to do so on terms or pricing that would be acceptable to us or that any such novation would not result in substantial costs to us. Furthermore, the underlying risks that are the subject of the relevant derivative contracts would no longer be effectively hedged due to the insolvency of our counterparty, unless and until we novate or replace the derivative contract.

While we currently have no specific concerns about the creditworthiness of any counterparty for which we have material credit risk exposures, we cannot rule out the possibility that one or more of our counterparties could fail or otherwise be unable to meet its obligations to us. Any such instance could have an adverse effect on our cash flows, results of operations, financial condition and/or liquidity.

Although we actively monitor the creditworthiness of our key vendors, the financial failure of a key vendor could disrupt our operations and have an adverse impact on our revenue and cash flows.

### ***Sensitivity Information***

Information concerning the sensitivity of the fair value of certain of our more significant derivative instruments to changes in market conditions is set forth below. The potential changes in fair value set forth below do not include any amounts associated with the remeasurement of the derivative asset or liability into the applicable functional currency. For additional information, see notes 4 and 5 to the December 31, 2013 Consolidated Financial Statements.

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

Holding all other factors constant, at December 31, 2013:

- (i) an instantaneous increase (decrease) of 10% in the value of the British pound sterling relative to the U.S. dollar would have decreased (increased) the aggregate fair value of the cross-currency and interest rate derivative contracts by approximately £498 million; and
- (ii) an instantaneous increase (decrease) in the relevant base rate of 50 basis points (0.50%) would have increased (decreased) the aggregate fair value of the cross-currency and interest rate derivative contracts by approximately £57 million.

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

The following table provides information regarding the projected cash flows associated with our derivative instruments at December 31, 2013. The pound sterling equivalents presented below are based on

interest rates and exchange rates that were in effect as of December 31, 2013. These amounts are presented for illustrative purposes only and will likely differ from the actual cash payments required in future periods. For additional information regarding our derivative instruments, see note 4 to the December 31, 2013 Consolidated Financial Statements. For information concerning the counterparty credit risk associated with our derivative instruments, see the discussion under Counterparty Credit Risk above.

**Payments (receipts) due during:**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>Thereafter</u>	<u>Total</u>
	<b>in millions</b>						
Projected derivative cash payments (receipts), net:							
Interest-related (a) .....	£41.8	£48.9	£29.8	£29.4	£24.6	£(4.5)	£170.0
Principal-related (b) .....	—	—	—	—	12.0	166.4	178.4
Other (c) .....	—	—	47.2	—	—	—	47.2
Total.....	<u>£41.8</u>	<u>£48.9</u>	<u>£77.0</u>	<u>£29.4</u>	<u>£36.6</u>	<u>£161.9</u>	<u>£395.6</u>

- (a) Includes the interest-related cash flows of our cross-currency and cross-currency interest rate swap contracts.
- (b) Includes the principal-related cash flows of our cross-currency and cross-currency interest rate swap contracts.
- (c) Includes amounts related to the Virgin Media Capped Calls and the derivative embedded in the VM Convertible Notes. For information regarding the settlement of these instruments, see notes 4 and 7 to the December 31, 2013 Consolidated Financial Statements.

## BUSINESS

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

### Introduction

We are a subsidiary of Liberty Global that provides digital cable, broadband internet, fixed-line telephony and mobile services in the U.K. to both residential and business-to-business, or B2B, customers. We are one of the U.K.’s largest providers of residential digital cable, broadband internet and fixed-line telephony services by the number of customers. We believe our advanced, deep-fiber cable access network enables us to offer faster and higher quality broadband services than our digital subscriber line, or DSL, competitors. As a result, we provide our customers with a leading, next-generation broadband service and one of the most advanced interactive TV services available in the U.K. market. For a description of the UPC Ireland Group’s business, see “*Summary—Proposed UPC Ireland Acquisition.*”

Our residential broadband subscribers generally access the internet at various download speeds ranging up to 152 Mbps, depending on the tier of service selected. We determine pricing for each different tier of broadband internet service through analysis of speed, market conditions and other factors.

Our digital cable service offerings include basic and premium programming and incremental product and service offerings such as enhanced pay-per-view programming (including digital cable-on-demand), digital cable recorders, high definition, or HD, and 3D programming and access to over-the-top content.

We provide mobile services to our customers using a third-party network through a mobile virtual network operator, or MVNO, arrangement.

In addition, we provide broadband internet, fixed-line and mobile telephony and other connectivity services to businesses, public sector organizations and service providers.

We became a wholly-owned subsidiary of Liberty Global as a result of the LG/VM Transaction that was completed on June 7, 2013, pursuant to which Liberty Global became the publicly-held parent company of Virgin Media and LGI the successor corporation, by merger of Old Virgin Media and LGI. Liberty Global is a leading international cable company, with operations in 14 countries. Liberty Global connects people to the digital world and enables them to discover and experience its endless possibilities. Liberty Global’s market-leading television, broadband internet and telephony services are provided through next-generation networks and innovative technology platforms that, when combined with those of Ziggo Holding B.V., which Liberty Global acquired in November 2014, connected approximately 27 million customers subscribing to approximately 56 million television, broadband internet and telephony services as of September 30, 2014. For more information about Liberty Global, see “*Principal Shareholder.*”

The following table shows our operating statistics as of and for the period ended September 30, 2014.

### CABLE

#### Footprint

Homes Passed (1) .....	12,584,100
Two-way Homes Passed (2) .....	12,522,700

#### Subscribers (RGUs)

Television (3) .....	3,738,800
Internet (4) .....	4,464,100
Telephony (5) .....	4,161,200
Total RGUs .....	12,364,100

#### Customer Relationships

Customer Relationships (6) .....	4,947,500
RGUs per Customer Relationship .....	2.50

#### Customer Bundling

Single-Play .....	16.2%
Double-Play .....	17.7%

Triple-Play.....	66.1%
Quad-play (7) .....	17.0%

## MOBILE

### Mobile Subscribers

Postpaid (8) .....	2,073,500
Prepaid (9).....	986,100
Total.....	<u>3,059,600</u>

- (1) Homes Passed are homes and residential multiple dwelling units that can be connected to our network without materially extending the distribution plant. Our Homes Passed counts are based on census data that can change based on either revisions to the data or from new census results. We do not count Homes Passed relating to networks that we do not own and operate (commonly referred to as partner networks, or Off-Net).
- (2) Two-way Homes Passed are Homes Passed by those sections of our network that are technologically capable of providing two-way services, including video, internet and telephony services.
- (3) A Television Subscriber is a home or residential multiple dwelling unit that receives our television service over our broadband network. Substantially all of our Television Subscribers receive our service via a digital television signal. Our Television Subscriber base includes customers who pay a monthly fee for the television subscription or TiVo box functionality they receive (“**Paying TV customers**”), as well as those that have paid an initial fee to receive a Virgin Media set-top box together with internet and telephony subscriptions who do not pay an incremental recurring fee for our television service.
- (4) An Internet Subscriber is a home or residential multiple dwelling unit that receives internet services over our network. Our Internet Subscribers exclude 97,700 ADSL subscribers that are not serviced over our network (non-cable internet subscribers).
- (5) A Telephony Subscriber is a home or residential multiple dwelling unit that receives voice services over our network. Telephony Subscribers exclude Mobile Subscribers. Telephony Subscribers exclude 65,200 subscribers that are not serviced over our network (non-cable telephony subscribers).
- (6) Customer Relationships are the number of residential customers who receive at least one of our television, internet or telephony services that we count as RGUs, without regard to which, or to how many services they subscribe. Customer Relationships generally are counted on a unique premises basis. Accordingly, if an individual receives our services in two premises (e.g., a primary home and a vacation home), that individual generally will count as two Customer Relationships. We exclude mobile and non-cable customers from Customer Relationships.
- (7) Quad-play penetration represents the number of customers who subscribe to each of our four primary services (television, internet, fixed-line telephony and mobile telephony), divided by customer relationships. Due to the nature of the prepaid mobile business, we do not have information available to identify all of our prepaid customers. Therefore, quad-play customers only include those postpaid and prepaid mobile customers for which we have sufficient information to match these customers with the service address for a premise that receives our cable television, internet and fixed-line telephony services.
- (8) Postpaid Mobile Subscribers represent the number of SIM cards relating to either a mobile service or a mobile broadband contract. Postpaid Mobile Subscribers are considered active if they have entered into a contract with Virgin Mobile for a minimum 30-day period and have not been disconnected.
- (9) Prepaid Mobile Subscribers are considered active if they have made an outbound call or text in the preceding 30 days.

## Products and Services

### *Cable*

We offer our customers a choice of packages and tariffs within each of our cable product categories. Our bundled packaging and pricing are designed to encourage our customers to purchase multiple services across our product portfolio by offering incentives to customers who subscribe to two or more of our products. The types and number of services that each customer uses, and the prices we charge for these services, drive our revenue. For example, broadband internet is more profitable than our television services and, on average, our “triple-play” customers are more profitable than “double-play” or “single-play” customers. As of September 30, 2014, 84% of our cable customers received multiple services from us and 66% were “triple-play” customers, receiving broadband internet, television and fixed-line telephony services from us.

We offer our consumer products and services through a broad range of retail channels, including inbound and outbound telesales, customer care centers and online. We also engage in direct face-to-face marketing initiatives through a dedicated national sales force of approximately 400 representatives, as well as comprehensive national and regional mass media advertising initiatives. We have a national retail store base with approximately 80 retail stores and approximately 110 fixed and transportable kiosk-type retail outlets that offer a complete range of our consumer products and services. Our stores not only provide sales services, but also showcase our products, allowing demonstrations and customer interaction, and help resolve customer queries. In addition, as of September 30, 2014, we employed approximately 2,200 staff members in our cable and non-cable call centers. We also use outsourced call centers in the U.K., Philippines and India.

### ***Broadband Internet***

We deliver high-speed broadband internet services to customers on our cable network. As of September 30, 2014, we provided cable broadband services to approximately 4.5 million subscribers. We are one of the leading providers of high-speed broadband internet access in the U.K., having introduced 50 Mbps rollouts in 2009, subsequently launching 100 Mbps in December 2010 and completing our rollout of 100 Mbps service across the network in March 2012. In August 2012, we launched speeds of 120 Mbps and such services now reach our entire network.

In January 2012, we announced a program to double the speed of our broadband, involving a significant investment in network capacity and in the rollout of Data Over Cable Services Interface Specification 3.0, or DOCSIS 3.0, wireless gateways. All our customers who were on 10 Mbps, 20 Mbps, 30 Mbps and 50 Mbps saw their headline speeds at least doubled under this program. In November 2013, we announced a further speed increase which we began to implement in February 2014. As a result, we currently offer three tiers of cable broadband services available to new subscribers with unlimited downloads (subject to any fair usage or traffic management policy) at speeds of up to 50 Mbps, 100 Mbps and 152 Mbps.

### ***Television***

Our digital cable platform includes access to over 230 linear television channels, advanced interactive features, and a range of premium subscription-based and pay-per-view services. As of September 30, 2014, we provided digital cable services to approximately 3.7 million residential subscribers.

In addition to our linear television services, which allow our customers to view television programming at a scheduled time, our digital cable customers also have access to a broad range of digital interactive services, including one of the most comprehensive digital cable-on-demand services in the U.K. See “—*Virgin TV On Demand*” below. We also offer what we believe to be one of the most comprehensive cloud-based entertainment services in the U.K. with “Virgin TV Anywhere.”

We also offer interactive “red button” applications from the British Broadcasting Corporation, or BBC, and other commercial broadcasters. “Red button” functionality in the U.K. permits television viewers to press a red button on their remote control handset to receive additional interactive services, including multiple alternative broadcasts. The BBC reinvented their “red button” service in December 2012 and “Connected Red Button” was launched in 1.2 million Virgin Media customer homes as part of the innovation partnership we share with the BBC.

### ***TiVo and Digital Cable Recorders***

We offer two of the most advanced digital cable recorders in the U.K. Set-top boxes equipped with digital cable recorders digitally record television programming to a hard disk in real-time, which allows customers to play back, pause, fast forward or rewind the program at any point during or for a period after the broadcast.

Under a strategic partnership agreement entered into in 2009, TiVo is the exclusive provider of user interface software for our next generation set-top boxes, which provide converged television and broadband internet capabilities, and we are the exclusive distributor of TiVo services and technology in the U.K.

The Virgin Media TiVo service was launched in December 2010 with mass distribution commencing in mid-2011 and continues to evolve and be enhanced. This “next-generation” entertainment set-top box is available in both 1TB and 500 GB sizes, with the 1TB version recording up to 500 hours of television, and brings together television, digital cable-on-demand and web video services through a single user experience and features unique content discovery and personalization tools. The TiVo box is HD-enabled and has three tuners, allowing viewers to record three programs while watching a fourth they previously recorded. The TiVo service, combined with the existing digital cable-on-demand service, makes available television shows, movies and

music videos in addition to supporting web video services such as Netflix, which was added to the service in November 2013, the BBC iPlayer and YouTube. As of September 30, 2014 we had approximately 2.4 million TiVo customers.

The previous Virgin Media digital cable recorder, called the “V+ set-top box”, was available to our digital cable customers and is gradually being phased out in favor of TiVo boxes. The V+ set-top box has 160GB of hard disk storage space (up to 80 hours of broadcast television), is HD-enabled and has three tuners. As of September 30, 2014, we had approximately 0.7 million V+ set-top box customers.

#### *Virgin TV On Demand*

Our digital cable-on-demand service, Virgin TV On Demand, provides our customers with instant access to a wide selection of premium movies, television programs, music videos and other digital cable-on-demand content including live pay-per-view, or PPV, events. Content is available in broadcast standard definition, or SD, HD and in three-dimensional, or 3D. Our HD content is available to all of our digital cable customers who have a HD box, at no additional charge. Viewers can watch programs instantly, without the need for buffering, and can freeze-frame, fast-forward and rewind the content at will. This gives our customers increased control over the content and timing of their television viewing. Additionally, our cable network enables us to provide digital cable-on-demand content to our customers separately from their high-speed data services, thereby maintaining their broadband speed.

The primary categories of content available within Virgin TV On Demand are television programming, movies (on a PPV and premium subscription basis) and music videos. A selection of content, including our “catch-up” television service, is available free of charge to all of our TV customers. The BBC iPlayer is the largest catch-up TV service we offer, enabling viewers to view more than 700 hours of BBC programs. Our Catch-Up TV also includes content from 4od, Demand Five and ITV Player.

*Subscription Video On Demand.* We offer our television customers basic subscription digital cable-on-demand, or SVOD, with a selection of content that increases in number in line with the customer’s digital cable subscription tier.

In October 2011, Sky Anytime (now Sky On Demand) was added to the service, allowing customers to access approximately 1,000 hours of television content from across BSkyB’s range of basic channels, and around 500 movie titles being made available as a bonus to Sky Movies subscribers. This service joined an existing SVOD movie service, PictureBox. Other content providers include WarnerTV, BBC Worldwide, Sony, Viacom, NBCU and AETN. Tailored advertising is also inserted across many providers within the basic TV SVOD and free catch-up services.

The digital cable-on-demand package also includes a music video service featuring over 5,000 tracks, which is available to subscribers to our top tier television package at no extra cost, or to lower tier customers on a pay-per-transaction, or PPT, basis.

*Virgin Movies.* Our PPT movie service, Virgin Movies, offers a further 500 titles from the major studios, many of which are available for rent on the same day as their DVD release. All our digital cable customers have access to Virgin Movies, which, after purchase, may be viewed multiple times within a 48-hour window. In 2012, functionality was added to the online version of Virgin Movies, allowing customers to rent titles and watch them when offline. The Virgin Movies service is available online to both subscribers and non-subscribers to our digital cable service.

#### *Virgin TV Anywhere*

In November 2012, we launched Virgin TV Anywhere, the U.K.’s most comprehensive internet streaming TV service that allows our TV customers to stream up to 103 live TV channels and watch Virgin TV On-Demand through their web browser, anywhere in the U.K. with a broadband connection. Customers are able to also discover new shows with customized recommendations and ratings. Our TiVo customers with iOS or Android mobile devices can watch up to 103 live TV channels, manage their TiVo box and discover new shows with these mobile devices. And when in the home, these mobile devices can act as a remote control for their TiVo boxes. Virgin TV Anywhere is available at no extra cost to our digital cable customers.

#### *Fixed-line Telephony*

We provide local, national and international telephony services to our residential customers on our twisted copper network. We offer a basic line rental service to our cable customers for a fixed monthly fee. In addition,

we also offer tiered bundles of call tariffs, features and services, including calling plans that enable customers to make unlimited national landline calls and calls to mobile telephones either during specified periods or anytime, for an incremental fixed monthly fee. Our fixed-line customers can also make calls to mobile customers free of charge and may also subscribe to additional services such as call waiting, call blocking, call forwarding, three-way calling, advanced voicemail and caller line identification services for an additional fee. In October 2013, we launched a mobile handset application called SmartCall that allows customers to call landlines and mobile phones using Wireless Fidelity, or Wi-Fi, networks, thus offloading many mobile calls onto the fixed network. As of September 30, 2014, we provided cable telephony services to approximately 4.2 million residential subscribers.

### ***Mobile***

Our mobile communication services are provided using the mobile network owned by EE through an MVNO arrangement. EE currently operates 2G, 2.5G, 3G, 3.5G and 4G networks in the U.K. We offer a broad range of mobile communications products and services, including mobile voice services and data services, such as short message service, or SMS, picture messaging, games, news and music services. We also offer a broad range of handsets, including Android-based, Blackberry and Apple iOS-based smartphones, and mobile broadband services which complement our fixed broadband offering.

Our customer base comprises both postpaid customers, who subscribe to our services for periods ranging from a minimum of 30 days for a SIM-only contract to up to 24 months for contracts taken with a subsidized mobile handset, and prepaid customers, who top up their accounts prior to using the services and have no minimum contracted term. In November 2014 we launched our 'Freestyle' mobile contracts, providing customers with the flexibility to purchase a handset independently of an airtime contract. As of September 30, 2014, we had approximately 3.0 million mobile services customers, of which approximately 2.1 million were postpaid customers.

We continue to focus on increasing our proportion of higher-value postpaid customers, improving access to content via our mobile platform, expanding our range of higher value mobile handsets and cross-selling into homes already connected to our cable network. We continue to promote the use of our mobile platform to view internet and television content by introducing features such as Virgin TV Anywhere.

As of September 30, 2014, we employed approximately 600 members of staff in our mobile services call centers.

### ***Business Products and Services***

We offer a broad portfolio of B2B voice, data and internet solutions to commercial and public sector organizations in the U.K., ranging from analog telephony to managed data networks and applications. We also provide services to Small Office and Home Office customers using our cable network. B2B peak usage generally occurs at different times of the day from that of our residential customers, which allows for more efficient use of our network. We provide B2B services to approximately 50,000 U.K. businesses and almost 250 public sector organizations. We also supply communications services to approximately 55% of the U.K.'s fire and ambulance services and approximately 60% of U.K. police forces. We have security accreditations across a range of B2B products and services in order to increase our offerings to public sector organizations in the U.K. These accreditations are granted subject to periodic reviews of our policies and procedures by the U.K. governmental authorities. If we were to fail to maintain an accreditation or to obtain a new one when required, it could impact our ability to provide certain offerings to the public sector.

We offer contractual service levels to all B2B customers and these are supported by U.K.-based regional teams. In addition to our standard B2B service levels, a tiered B2B service level is available to tailor service requirements based on size of organization, sector and importance. These tiered B2B service levels include priority response, named dedicated staff and customer premises-based teams managing service levels.

### ***Converged Solutions***

Converged solutions use a single network to transport voice, data and video, allowing our B2B customers to benefit from cost synergies. Additionally, we offer services such as internet protocol, or IP, virtual private networks, which enable our customers to prioritize bandwidth for different types of traffic so that more time sensitive data or critical application data is transported with priority, providing increased flexibility and control over data management. Our extensive network reach also enables us to offer large or dispersed organizations the

ability to effectively link sites across the U.K. using a wide range of access technologies, supporting services such as voice and video conferencing, instant messaging and file transfers.

### *Ethernet*

Our Ethernet network has approximately 300 Ethernet nodes and is capable of carrying a variety of services and high bandwidth applications simultaneously. We have been delivering Ethernet services for over 10 years and have achieved both Metro Ethernet Forum, or MEF 9 and MEF 14 accreditation (becoming the first service provider in the world to renew this accreditation), ensuring our Ethernet product portfolio can support stringent real-time communications applications, including VoIP and HD-quality videoconferencing. We offer a range of products from local area network extensions to managed wide area Ethernet networks, providing our B2B customers with high bandwidth and flexible solutions, including market-leading point to multi-point services.

### *Applications and Services*

As an overlay to network products, we also offer applications, such as video conferencing, and managed services, such as information security services, designed to increase flexibility and reduce costs of our customers.

### *Voice and Mobile Services*

We offer a comprehensive range of B2B voice products, from analog and digital services to converged IP telephony solutions. Our B2B voice solutions include basic features, such as call divert and voicemail, as well as products such as Centrex, which provides switchboard-like capability that is managed from our telephone exchange, offering our customers a cost-effective, scalable alternative to a premises-based system. We also now provide similar centrex features through a number of hosted unified IP-based solutions, which add additional features such as integrated messaging and video. This combination of mature services being offered in parallel with a next generation of converged services allows our customers to carry out phased migrations to new technologies.

In addition, we launched a mobile service to public and private sector B2B customers in September 2013, providing voice and 4G and 3G data services as a reseller of EE's business services. As a result, we now have the opportunity to offer our B2B customers a one-supplier solution for both their fixed-line and mobile telephony needs.

### *Bundled offers for small and medium enterprises ("SME") and small office and home office ("SOHO") customers*

In September 2014, we launched a new range of high-speed connectivity and voice packages targeting SME and SOHO customers. We are offering these customers a selection of super-fast broadband and fixed-line telephony packages with the option of adding SIM-only mobile solutions. In addition to varying speeds, the packages offer different service levels so customers can choose a bundle based on their level of digital requirements.

### **Our Network**

We deliver voice, video and high-speed data services over our cable access network, which covers parts of many metropolitan areas in England, Wales, Scotland and Northern Ireland. The deep-fiber design of our access network enables us to transmit data by means of fiber optic cable from equipment in technical properties known as "headends" and "hubsites" to widely deployed distribution cabinets. The data are then transmitted to distribution points via coaxial cable for digital broadband signals and via twisted copper cables for fixed-line telephony. The final connection into each home from the fiber access network comprises two components combined into a single drop cable (twisted copper and coaxial cable). For video and high-speed data services, we use high capacity coaxial cable, which has considerable spectrum and associated bandwidth capabilities and which concurrently supports a full portfolio of linear and digital cable-on-demand services as well as high-speed broadband services. Using DOCSIS 3.0, we currently offer download speeds of up to 152 Mbps. We have also conducted trials of 300 Mbps and 1.5 Gbps downstream speeds. For fixed-line voice services, we use a twisted copper pair. Our relatively short twisted copper pairs (typically less than 500 meters in length) are also capable of supporting the latest very high speed DSL 2, or VDSL2+, broadband technologies. As a result of the extensive use of fiber in our access networks, we are also able to provide high-speed data network services to business customers delivering nationwide connectivity.



We believe that our deep-fiber access network has enabled us to take a leading position in the roll-out of next-generation broadband access technologies in the U.K. During 2011 and 2012, we continued to invest in the capacity of our DOCSIS 3.0 and broadband related network platforms, as well as adding capability in our headends to deliver HD broadcast and digital cable-on-demand services. In 2011 and 2012, we continued to invest in upgrading our hybrid fiber coaxial, or HFC, access network from analogue to digital using the latest technology and deep-fiber architectures. This largely completed the upgrade from analogue to digital across our entire HFC access network footprint. As of September 30, 2014, approximately 99% of the homes served by our cable network could receive all our broadband, digital television and fixed-line telephony services.

## **Competition**

We face intense competition from a variety of entertainment and communications service providers, which offer television, broadband internet, fixed-line telephony and mobile services. In addition, technological advances and product innovations have increased, and are likely to continue to increase the number of alternative providers available to our customers and intensify the competitive environment.

We believe that our deep-fiber access provides us with several competitive advantages in the areas served by our network. For instance, our cable network allows us to concurrently deliver internet access, together with real-time television and digital cable-on-demand content at higher speeds and with less data loss than comparable services of other providers. Our competitors are reliant on the access infrastructure of the U.K.'s incumbent telecommunications provider, BT, which typically relies on copper-pair technology from the local exchange to the customer's home. BT is upgrading its infrastructure to provide data services capable of higher speeds, using fiber-to-the-cabinet, or FTTC, technology, but service providers using BT's existing network are, and may remain, subject to capacity limits which can affect data download speeds or cause degradation when attempting to access the internet and watch IP television simultaneously. Our cable network also offers benefits over the infrastructure of satellite service providers, which are unable to offer a full array of interactive services in the absence of a fixed-line telephony or broadband connection, using third-party access infrastructure. By contrast, our cable infrastructure allows us to provide "triple-play" bundled services of broadband internet, television and fixed-line telephony services without relying on a third-party service provider or network. In addition, our capacity is dimensioned to support peak consumer demand. In serving the B2B market, many aspects of the network can be leveraged at very low incremental cost given that B2B demand peaks at a time when residential consumer demand is low, and peaks at lower levels than residential consumer demand. As such, we believe we have an advantage over competitors who serve either residential or B2B customers but not both.

We also face intense competition in the mobile services market, which is primarily driven by increased pricing pressure from both established and new service providers, evolving customer needs and technological developments.

We offer most of our products on a stand-alone basis or as part of bundled packages designed to encourage customers to subscribe to multiple services. We offer broadband internet, fixed-line telephony and mobile telephony and data services throughout the U.K., and currently offer television services exclusively in areas served by our cable network. Our primary competitors are BT, BSkyB, TalkTalk Telecom Group plc, or TalkTalk, Vodafone Limited, or Vodafone, EE and Telefónica UK Limited, which operates in the U.K. as "O2."

### ***Broadband Internet***

We have a number of significant competitors in the market for broadband internet services. Of those competitors, BT is the largest, serving approximately 32% of the total broadband internet market in the U.K. We serve approximately 20% of the total broadband market in the U.K.

BT provides broadband internet access services over its own DSL network both as a retail brand and as a wholesale service. BT is currently rolling out fiber-based broadband, primarily using FTTC, and has announced its intention to expand fiber-based broadband deployments, which will allow its retail arm, and its wholesale customers, to offer ultra high speed broadband services. Where fully deployed, operators are able to offer download speeds of up to 330 Mbps. BT Openreach, a division of BT, is also expanding BT's fiber-based broadband to most of the U.K., including its fiber-to-the-premises, or FTTP, on-demand product. BT Openreach manages BT's local access network and provides competitors, including us, access to BT's networks.

Operators such as BSkyB, TalkTalk and EE deploy their own network access equipment in BT exchanges via a process known as local loop unbundling, or LLU. This allows an operator to reduce the recurring operating costs charged by BT by reducing the proportion of traffic that must travel directly over BT's network. LLU

deployment requires a substantial capital investment to implement and requires a large customer base to deliver a return on investment.

In addition to the competition and pricing pressure in the broadband market arising from LLU, we may be subject to increased competition in the provision of broadband services from mobile broadband and technological developments (such as LTE, and 4G mobile technology) and other wireless technologies, such as Wi-Fi and Worldwide Interoperability for Microwave Access, or Wi-Max. For example, EE has also announced that its 4G coverage has reached over 75% of the U.K. population.

### ***Television***

We are the largest cable television provider in the U.K. in terms of the number of video cable customers and the sole provider of video cable services in all of our network area. Our digital television services are available to approximately 46% of U.K. television households and serve 14% of the U.K. television market. Our digital television services compete primarily with those of BSkyB, which is the primary pay satellite television platform in the U.K. with approximately 9.8 million subscribers, or 36% of the U.K. television market. BSkyB owns the U.K. rights to SD, HD and 3D versions, as the case may be, of various sports and movie programming content. BSkyB is both our principal competitor in the pay-TV market and an important supplier of basic and premium television content to us.

In August 2013, BT, a principal competitor that offers very high-speed DSL, or VDSL, broadband services, launched its own premium BT Sport channels, providing a range of sports content including football from the English Premier League and, from the 2015/2016 football season, exclusive rights to the UEFA Champions League and the UEFA Europa League. The BT Sport channels are available over BT's internet protocol television, or IPTV, platform, BSkyB's satellite system and our cable network. BT is currently offering customers who subscribe to their broadband service free access to the SD version of BT Sport channels over BT TV, BT broadband and satellite.

Content owners, online aggregators and television channel owners are increasingly using broadband as a new digital distribution channel direct to consumers. In 2012, a free-to-air internet-connected TV service to U.K. homes was launched by YouView, a joint venture which includes Arqiva, BBC, BT, Channel 4, Channel 5, ITV plc, or ITV, and TalkTalk. Consumers are able to purchase a box from retailers or get a free subsidized box as part of a bundled package (TV, broadband and telephony) with providers BT and TalkTalk.

Residential customers may also receive digital terrestrial television, or DTT, which is delivered to customer homes through a conventional television aerial and a separately purchased set-top box or an integrated digital television set. The free-to-air DTT service in the U.K. is called Freeview. This service is provided by a consortium of operators, including the BBC.

BBC and ITV also offer a free-to-air digital satellite alternative to Freeview service, known as Freesat. Freesat offers approximately 120 subscription-free TV channels, including selected HD channels such as BBC 1 HD, ITV HD and Channel 4 HD. Freesat also offers a range of digital video recorders, or DVR, under the brand Freesat+. A new range of Internet connected digital video recorders under the brand Freetime offering access to catch-up TV services was launched in 2012.

Residential customers may also access television content by means of IPTV. BT TV, a combined DTT and VOD service offered by BT over a DSL broadband connection, is available throughout the U.K. BSkyB also offers live streamed TV and services over a broadband connection, through its Sky On Demand and Sky Go services. In addition, Netflix, Amazon, Google, Apple and others have launched IPTV products.

The communications industry is constantly evolving and there are a number of new and emerging technologies which can be used to provide video services that are likely to compete with our digital cable and digital cable-on-demand services. These include the DSL services mentioned above and next generation LTE services. We expect continued advances in communications technology and in content, such as ultra HD.

### ***Fixed-line Telephony***

We compete primarily with BT in providing telephony services to residential customers in the U.K. BT occupies an established market position as the former state provider. We also compete with other telecommunications companies that provide telephony services directly, through LLU, or indirectly. These include TalkTalk and BSkyB, and mobile telephone operators such as EE, Vodafone and 3 U.K. Our share of the fixed-line telephony market in the U.K. is approximately 13%.

We compete with mobile telephone networks that offer consumers an alternative to fixed-line telephony services. Mobile telephone services also contribute to the competitive price pressure on fixed-line telephony services.

In addition, we face competition from companies offering VoIP, services using the customer's existing broadband, mobile data and Wi-Fi connections. These services are offered by independent providers, such as Vonage, WhatsApp and Skype, as well as those affiliated with established competitors such as BT and EE. These services generally offer free calls between users of the same service, but charge for calls made to fixed-line or mobile numbers either on a flat monthly rate for unlimited calls (typically restricted to geographic areas) or based on usage.

### ***Mobile***

In the mobile telephony market, we face direct competition from mobile network operators, or MNOs, such as O2, EE, Vodafone and 3 U.K., and other MVNOs, such as Tesco Mobile, Lebara, TalkTalk and ASDA. We also compete with fixed-line telephony operators, with companies offering VoIP services, and from the growth in online communication, as described in “—*Fixed-line Telephony*” above.

EE became the first U.K. mobile network operator to launch 4G in October 2012, following approval from Ofcom to use its existing 1800MHz spectrum. Vodafone, O2 and 3 U.K. launched their 4G services during 2013; the launch of 4G services strengthens the position of those existing competitors.

### ***Business***

The U.K. B2B telecommunications market is characterized by strong competition and ongoing consolidation. Competition in the U.K. B2B telecommunications market continues to be value driven, with the key components being quality, reliability and price.

We compete primarily with traditional network operators such as Vodafone UK, which acquired C&W Worldwide in July 2012, and BT. BT represents the main competitive threat nationally due to its network reach and product portfolio. We also compete with regional providers, such as COLT Telecom Group plc, which have a strong network presence within limited geographic areas. Recently, we have faced increasing competition from services provided by MNOs which target small B2B customers.

In the retail market our traditional competitors are becoming increasingly focused on particular segments of the market. For example, Vodafone UK targets larger national and multi-national corporations. We continue to focus on small, medium and large nationally oriented businesses and public sector organizations. System integrators, such as Kcom (formerly known as Kingston Communications (Hull) plc), are also becoming an increasing competitive threat as large organizations continue to focus on information technology integration, management and outsourcing.

## **Regulatory Matters**

### ***Overview***

#### ***Legislative Framework***

Our business activities are subject to the laws and regulations of the EU and the U.K. At an EU level we are regulated by a variety of legal instruments and policies, collectively referred to as the “**Regulatory Framework**”, regulating the establishment and operation of electronic communications networks, including cable television and traditional telephony networks, and the offer of electronic communications services, such as telephony, internet and, to some degree, television services. The Regulatory Framework does not generally address issues of content. The Regulatory Framework primarily seeks to open European markets for communications services and is comprised of:

- Directive 2002/21 on a common regulatory framework for electronic communications networks and services;
- Directive 2002/20 on the authorization of electronic communications networks and services;
- Directive 2002/19 on access to, and interconnection of, electronic communications networks and associated facilities; and
- Directive 2002/22 on universal service and users rights relating to electronic communications networks and services.

These Directives are supplemented by EU Directive 2002/58, concerning the processing of personal data and the protection of privacy in the electronic communications sector.

In the U.K., the Regulatory Framework is implemented through (1) the Communications Act 2003 (“**Communications Act**”) which regulates all forms of communications technology, whether used for telecommunications or broadcasting, and (2) the Wireless Telegraphy Act 2006, which regulates radio communications in the U.K. (including with respect to the spectrum, licensing arrangements, usage conditions and charges, license bidding and trading and enforcement and penalties). The Privacy and Electronic Communications Regulations 2003, as amended, implemented EU Directive 2002/58, regulating the processing of personal data and the protection of privacy in the electronic communications sector.

We are also subject to regulation under the U.K. Broadcasting Acts 1990 and 1996 and other U.K. statutes and subordinate legislation, including the Competition Act 1998 and the Enterprise Act 2002. On-demand programming is regulated by the Authority for Television On-Demand (“**ATVOD**”) under a co-regulatory regime with Ofcom. The regulatory regime for on-demand programming is derived from the Audiovisual Media Services Directive.

#### *U.K. Regulatory Authorities*

Ofcom is the key regulatory authority for the communications sector in which we operate. It is responsible for furthering the interests of consumers by promoting competition. In particular, Ofcom is responsible for regulating the behavior of providers of electronic communications networks or services that have significant market power in identified markets which may have a harmful influence on competition and consumers. A provider is deemed to have significant market power if it has a position of economic strength affording it the power to act independently of competitors and customers within a given market. Pursuant to the Enterprise and Regulatory Reform Act 2013, effective April 1, 2014, the competition functions of the Office of Fair Trading, together with those of the Competition Commission were transferred to a new U.K. competition authority, the Competition and Markets Authority. The Competition and Markets Authority’s primary duty is to promote competition, both within and outside the U.K., for the benefit of consumers.

#### *Broadband Expansion*

The U.K. government has attempted to drive the deployment of super-fast broadband and the provision of basic broadband to 95% of the population of the U.K. by 2017 using money from the publicly funded BBC Licence Fee, under-spend from the Analogue TV Switch-Off Project and other sources of public investment to stimulate private investment. Two key projects are under way: (1) the Broadband Delivery Programme, which is focused on delivering broadband to areas that the market will not serve of its own accord (mainly rural areas); and (2) the Urban Broadband Fund, which is aimed at establishing “super connected” cities with internet capabilities of between 80 Mbps to 100 Mbps and comprehensive mobile broadband coverage. In 2013, the U.K. Government announced the Superfast Extension Programme, which is designed to support the roll-out of broadband with download speeds of 30 Mbps or higher to 99% of the population of the U.K. by 2018.

We lodged a formal challenge against the European Commission’s decision to approve a project involving the deployment of a state-subsidized broadband network in the city of Birmingham in 2012. Based on assurances received from the U.K. government that no Urban Broadband Fund monies would be used to deploy telecommunications infrastructure in the U.K., such that Birmingham could not implement the network for which it had received European Commission approval, we requested and were granted a stay in proceedings until December 31, 2015. As an alternative, the U.K. government progressed a retail connectivity voucher scheme, in which we are participating.

#### *Regulation of Television and Video-on-Demand Services*

We are required to hold individual licenses under the Broadcasting Acts 1990 and 1996 for any television channels (including barker channels) which we own or operate and for the provision of certain other services on our cable TV platform, such as electronic program guides. These television licensable content service, or TLCS, licenses are granted and administered by Ofcom. Under these licenses, each covered service must comply with a number of Ofcom codes, including the Broadcasting Code, and with all directions issued by Ofcom. Breach of any of the terms of a TLCS license may result in the imposition of fines on the license holder and, ultimately, the license being revoked.

ATVOD is the independent co-regulator for the editorial content of U.K. video on-demand services that fall within the statutory definition of an “On-Demand Programme Service”, or ODPS, under the Communications Act.

As a provider of an ODPS, we must comply with a number of statutory obligations in relation to “editorial content” and notify ATVOD of our intention to provide an ODPS. Failure to notify ATVOD or comply with the relevant statutory obligations may result in the imposition of fines or, ultimately, the prohibition on providing an ODPS.

In March 2007, following our request, and in conjunction with other affected operators, Ofcom initiated an investigation into the U.K. pay-TV market. In its final statement in March 2010, Ofcom found that BSkyB has market power in the wholesale supply of certain premium sports and premium movie channels. To remedy the concerns around premium sports channels, Ofcom imposed a WMO regime for regulating the terms of supply of Sky Sports 1 and 2 SD and HD. This decision was appealed by a number of parties, including us.

In August 2012, the CAT overturned Ofcom’s decision, ruling that the competition concerns on which Ofcom based its decision were unfounded. BT appealed certain aspects of the CAT’s judgment to the Court of Appeal. In February 2014, the Court of Appeal upheld BT’s appeal. The matter has been referred back to the CAT for further consideration, and the Supreme Court has denied BSkyB the opportunity to appeal. The WMO requirement continues in the meantime and BT has secured an extension to this to cover distribution over the YouView platform. On December 19, 2014, Ofcom launched a consultation to review the WMO remedy and consider whether it remains an appropriate remedy.

In November 2014, following a complaint by us, Ofcom opened an investigation into the arrangements by which the FA Premier League collectively sells the live UK audio-visual media rights to Premier League football matches. Ofcom’s investigation is premised on the basis that there are reasonable grounds to suspect that these arrangements appreciably restrict or distort competition in breach of the prohibition in Chapter I of the Act and/or Article 101(1) of the Treaty on the Functioning of the European Union. This investigation is underway.

In 2006, Ofcom also initiated a review of the terms under which operators of digital television platforms in the U.K., such as us, allow access to their platforms for third-party television channels and content providers. However, this review has not progressed beyond its initial stages. We are therefore unable to assess the likely outcome of this review and resulting impact on our activities in this sector at this time.

### ***Government Communications White Paper***

In July 2013, the U.K. government published a White Paper reviewing U.K. Communications legislation. This includes a plan to review the balance of payments between public service broadcasters and pay-TV providers, including us, which could lead to changes in the law around payments for the rights to retransmit public service programming. Any amendments requiring us to pay fees for such content would increase our operating costs and could have an adverse effect on our financial condition. The White Paper also sets out plans to consult on a number of other areas in the future, including the prominence of various services in platforms’ electronic program guides. Ofcom has also recently commenced a review of Public Service Broadcasting, which will include consideration of the retransmission regime.

### ***Regulation of Telecommunications Services***

In order to operate in the telecommunications sector, a provider must comply with general conditions imposed by Ofcom. These general conditions cover a broad range of issues including interconnection standards, number portability, deployment of telephone numbers, access to emergency services and sales and marketing standards. Any breach of these general conditions could lead to the imposition of fines by Ofcom and, ultimately, to the suspension or revocation of a company’s right to provide electronic communications networks and services. Ofcom also undertakes triennial reviews of the various economic markets within the telecommunications sector to establish whether any provider has significant market power warranting the imposition of remedies.

### ***Broadband Services***

Ofcom has recently finalized its triennial review of the Fixed Access markets (including Wholesale Local Access incorporating physical or passive network access via methods such as LLU and duct access) and Wholesale Broadband Access market (virtual or active network access via methods such as provision of

wholesale managed service products). There has been no substantive change in its approach to regulation from the previous review period. Therefore, we do not anticipate significant consequences for our operations.

BT has again been found to have significant market power in the Wholesale Local Access market and one sub-national area of the Wholesale Broadband Access market and is required to provide certain products and services on regulated terms, including providing access to its ducts and poles infrastructure.

Ofcom are also proposing to impose a new condition regulating BT's fiber margin. Current proposals suggest that BT will not have to undertake a major pricing realignment in order to comply with this additional obligation.

#### *Business Connectivity Services*

Ofcom is soon to commence a review of business connectivity services (leased lines, Ethernet etc). This will include consideration of whether it would be appropriate to impose passive remedies (on BT) in the relevant markets, which could include access to duct and dark fibre.

#### *Mobile Telephony Services*

As an MVNO, we are subject to EU regulations relating to retail prices for roaming services. These regulations set limits on certain wholesale and retail tariffs for international mobile voice roaming, SMS tariffs and data roaming within the EU, provide for greater levels of transparency of retail pricing information, impose measures to guard against bill shock in respect of data roaming and set maximum roaming rates within the EU. A new measure, effective July 1, 2014, allows consumers to select an alternative provider for their EU roaming services. The measure is intended to increase competition for the provision of roaming services.

Mobile termination charges applied by MNOs are regulated by Ofcom under a significant market power charge control condition. Under our MVNO agreement with EE these changes in mobile termination charges are passed on to us and we have experienced a reduction in revenue from such charges. Ofcom is in the process of reviewing mobile termination charges for the period of 2015-2018 and has proposed that rates should reduce to approximately half of their current levels by the end of this period.

#### *Non-Industry Specific Regulation*

Our business activities are subject to certain environmental and health and safety laws and regulations. Failure to comply with these laws and regulations may result in us incurring fines or other penalties and we may incur expenditure to account for these fines or penalties, maintain compliance and/or undertake any necessary remediation. In addition, any breach of the aforementioned laws and/or regulations by our affiliates, vendors and contractors could result in liability for us.

#### **Legal Proceedings**

From time to time, we have become involved in litigation relating to claims arising out of our operations in the normal course of business.

#### *VAT Matters*

Our application of VAT with respect to certain revenue generating activities has been challenged by the U.K. tax authorities. We have estimated our maximum exposure in the event of an unfavorable outcome to be £39.3 million as of September 30, 2014. No portion of this exposure has been accrued by our company as the likelihood of loss is not considered to be probable. A court hearing was held at the end of September 2014 in relation to the U.K tax authorities' challenge and the court's decision is expected at some point prior to March 31, 2015.

On March 19, 2014, the U.K. government announced a change in legislation with respect to the charging of VAT in connection with prompt payment discounts such as those that we offer to our fixed-line telephony customers. The changes, which took effect on May 1, 2014, impacted our company and some of our competitors. We currently believe that this legislative change will result in a reduction in revenue and operating income of approximately £28 million to £30 million from the effective date of May 1, 2014 through the end of 2014. As a result of this legislation, our revenue was £7.3 million and £10.8 million lower during the second and third quarters of 2014, respectively, as compared to the corresponding prior year periods. Recent correspondence from the U.K. government indicates that it may seek to challenge our application of the prompt payment discount rules prior to the May 1, 2014 change in legislation. If such a challenge were to be issued by

the U.K. government, we could be required to make a payment of the challenged amount in order to make an appeal. We currently estimate that the challenged amount could be up to approximately £65 million before any interest on such amount or penalties (which could be significant). Any challenge and subsequent appeal would likely be subject to court proceedings that could delay the ultimate resolution of this matter for an extended period of time. No portion of this potential exposure has been accrued by our company as no claim has been asserted or assessed and the likelihood of loss is not considered to be probable.

### ***Regulatory Developments***

For a description of current regulatory developments in the EU and the U.K. which affect our business, see “—*Regulatory Matters*” in this listing particulars.

### ***Other***

In addition to the foregoing items, we have contingent liabilities related to matters arising in the ordinary course of business including (i) legal proceedings, (ii) issues involving VAT, wage, property and other tax issues and (iii) disputes over interconnection, programming, and copyright fees. We do not believe any of these litigation matters alone or in the aggregate will have a material adverse effect on our financial position or results of operation.

### **Patents, Trademarks, Copyrights and Licenses**

We do not have any material patents or copyrights nor do we believe that patents play a material role in our business. We own or have the right to use registered trademarks, which in some cases are, and in others may be, of material importance to our business. This includes the exclusive right to use the “Virgin” name and logo under licenses from Virgin Enterprises Limited in connection with our corporate activities and the activities of our consumer and business operations. These licenses, which expire in April 2036, are exclusive to us within the U.K. and Ireland, and are subject to renewal on terms to be agreed. They entitle us to use the “Virgin” name for the television, broadband internet, fixed-line telephony and mobile phone services we provide to our consumer and business customers, and in connection with the sale of certain communications equipment, such as set-top boxes and cable modems.

Our license agreements provide for an annual royalty of 0.25% of certain consumer, business and content revenues, subject to a minimum annual royalty, subject to inflationary adjustments, of £8.5 million in relation to our consumer operations, and £1.5 million in relation to our business operations.

Under the agreements, we have worldwide exclusivity over the name “Virgin Media” and “Virgin Media Inc.” We are also licensed to use the name “Virgin Media Business” for the provision of business communications services.

### **Properties**

We own and lease administrative facilities, operational network facilities, and retail facilities throughout the U.K. We lease our U.K. headquarters in Hook, Hampshire.

We own or lease the fixed assets necessary for the operation of our businesses, including office space, transponder space, headend facilities, rights of way, cable television and telecommunications distribution equipment, telecommunications switches and customer premises equipment and other property necessary for our operations. The physical components of our broadband network require maintenance and periodic upgrades to support the new services and products we introduce. Subject to these maintenance and upgrade activities, our management believes that our current facilities are suitable and adequate for our business operations for the foreseeable future.

### ***Employees***

At September 30, 2014, we had approximately 13,600 employees. We also had approximately 750 temporary employees. There are no employees at Virgin Media covered by collective bargaining or recognition agreements. For employee consultation purposes, we work with and recognize our National and Divisional Employee Voice Forums. We believe we have a good relationship with our workforce.

## MANAGEMENT

**Tom Mockridge**, 59, became our Chief Executive Officer in June 2013. Prior to joining Virgin Media, Mr. Mockridge held a variety of senior roles at various News Corporation group companies over the span of 22 years. Most recently, Mr. Mockridge was the CEO of News International from July 2011 until the end of 2012. Prior to his role at News International, Mr. Mockridge was the Managing Director of News Corporation's European television operations from 2008 and was subsequently appointed Deputy Chairman of Sky Deutschland AG's Supervisory Board and Deputy Chairman of BSkyB. Prior to this, Mr. Mockridge served as the first CEO of Sky Italia following its creation through a merger. In his earlier career, Mr. Mockridge held senior roles at News Corporation companies in Australia and Hong Kong, and began his career as a journalist in his native New Zealand.

**Paul Buttery**, 51, became Chief Customer, Technology and Networks Officer in September 2011. Prior to this, Mr. Buttery was Chief Customer and Networks Officer from January 2010. Mr. Buttery was our managing director of access and networks from September 2008, and the managing director of our access division from May 2007. He joined the Virgin Media Group in February 2006 as director of customer services and operations for the business division. Before he joined the Virgin Media Group, Mr. Buttery was chief technical officer of Cable & Wireless U.K., an alternate network operator. Mr. Buttery served with Cable & Wireless from October 2004 to January 2006. From November 2002 to October 2004, Mr. Buttery was with MCI as the vice president of Europe, Middle East and Africa network and service delivery having previously worked with MCI in the United States as vice president of internet operations and planning and as vice president global data network management. Mr. Buttery started his career with BT plc, undertaking various roles over a 15 year period.

**Maurice Daw**, 55, became our Chief People Officer in August 2013. Mr. Daw originally joined us in 2008 as our Supply Chain Director, and was promoted to the Executive Director of Access in 2010. Previously, Mr. Daw was the managing director of the Technology Logistics Business Unit with Unipart Group Limited, which he joined in 2000. In his early career, Mr. Daw held positions at Cadbury and Unilever.

**Robert Dunn**, 48, was appointed Chief Financial Officer upon the closing of the acquisition of Virgin Media. Mr. Dunn was managing director of UPC Netherlands B.V. from January 2011 to May 2013. He previously served as MD of UPC Ireland B.V. from 2006 to 2010. He joined UPC in May 2000 and served as CFO of UPC Distribution, the cable television and triple-play division of UPC, from January 2001. Mr. Dunn has been Director of UPC Polska LLC since June 2000. He earlier served as Group Controller of Impress Packaging Group B.V. from May 1997 to May 2000. He also worked with Price Waterhouse, London for nine years from October 1988.

**Mine Hifzi**, 48, became our General Counsel in February 2014. Prior to joining us, Ms. Hifzi was Senior Vice President, Commercial and Legal Affairs, International at Scripps Networks Interactive Inc., which she joined in July 2012. Previously, Ms. Hifzi served as Senior Vice President and General Counsel, International, of Discovery Communication Inc., where she held roles for over 13 years. Ms. Hifzi is qualified as a solicitor in England and Wales.

**Peter Kelly**, 51, became the Managing Director for our B2B division in September 2013. Prior to joining Virgin Media, Mr. Kelly was Enterprise Director at Vodafone UK, where he served from 2008 and was responsible for managing a team of over 1,500 people. Prior to that, Mr. Kelly was President, Enterprise, EMEA at Nortel.

**Dana Strong**, 44, became our Chief Operating Officer in July 2013. Prior to joining us, Ms. Strong was the Chief Executive Officer of UPC Ireland, where she remains Chairperson. Prior to joining UPC Ireland in April 2011, Ms. Strong was the Chief Operating Officer of AUSTAR United Communications, a regional satellite TV subscription provider in Australia, having served in that role since 2002. Prior to assuming the role of Chief Operating Officer, Ms. Strong held various roles at AUSTAR United Communications and its affiliates from 1999.

**Brigitte Trafford**, 49, became our Chief Corporate Affairs Officer in March 2014. Prior to coming to Virgin Media, Ms. Trafford served as the Director of Corporate Affairs at ICAP plc beginning in 2011. Previously, Ms. Trafford was Group Communications Director at Lloyds Banking Group, where she served from 2010 to 2011. She also founded a strategic communications consultancy, Burghley Communications in 2009. In addition, Ms. Trafford was Group Communications Director and a member of the Management Board of ITV plc from 2004 to 2007. Ms. Trafford also held senior roles at M: Communications and Dow Jones & Company, Inc., publishers of The Wall Street Journal.



## **PRINCIPAL SHAREHOLDER**

The Issuers are indirectly wholly-owned by Virgin Media. Virgin Media is indirectly wholly-owned by Liberty Global. See “*Summary—Corporate and Financing Structure Chart*”. Liberty Global is a leading international cable company, with operations in 14 countries. Its market-leading television, broadband internet and telephony services are provided through next-generation networks and innovative technology platforms that, when combined with those of Ziggo Holding B.V., which Liberty Global acquired in November 2014, connected 27 million customers subscribing to 56 million television, broadband internet and telephony services at September 30, 2014. Liberty Global’s consumer brands include Virgin Media, UPC, Ziggo, Unitymedia, KabelBW, Telenet and VTR. Liberty Global’s operations also include Liberty Global Business Services, its commercial division, and Liberty Global Ventures, its investment fund. Liberty Global’s ordinary shares are listed on the NASDAQ Global Select Market under the symbols “LBTYA”, “LBTYB” and “LBTYK”, and Liberty Global had a market capitalization as of December 22, 2014 of approximately \$44.3 billion.

## CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

### Related-Party Transactions Impacting Virgin Media's Operating Results

#### *General*

Virgin Media has various related-party transactions with certain of Liberty Global's subsidiaries. These related-party transactions are reflected in related-party revenue, operating expenses, SG&A expenses, allocated share-based compensation expense, fees and allocations, net, interest income, realized loss on derivative instrument and related-party interest expense in the September 30, 2014 Condensed Consolidated Financial Statements and the December 31, 2013 Consolidated Financial Statements.

Virgin Media charges fees and allocates costs and expenses to certain other Liberty Global subsidiaries and certain Liberty Global subsidiaries outside of Virgin Media charge fees and allocate costs and expenses to Virgin Media. Depending on the nature of these related-party transactions, the amount of the charges or allocations may be based on (i) our estimated share of the underlying costs, (ii) our estimated share of the underlying costs plus a mark-up or (iii) commercially-negotiated rates. Although we believe that the related-party charges and allocations described below are reasonable, no assurance can be given that the related-party costs and expenses reflected in our consolidated statements of operations are reflective of the costs that we would incur on a standalone basis. Our related-party transactions are generally cash settled.

In connection with certain changes that will be implemented with respect to Liberty Global's subsidiary borrowing groups during the first quarter of 2015 and in light of Liberty Global's ongoing efforts to increase scale through centralization and other means, Liberty Global has changed the processes it uses to charge fees and allocate costs and expenses from one subsidiary to another, which, as further described below, will impact the calculation of the "EBITDA metric" defined by the debt agreements of Liberty Global's respective subsidiary borrowing groups. This new methodology (the "**2015 Liberty Global Allocation Methodology**") is intended to ensure that Liberty Global continues to allocate its central and administrative costs to its borrowing groups on a fair and rational basis. The implementation of the 2015 Liberty Global Allocation Methodology will entail the transfer of the ownership of certain entities that incur central and other administrative costs from UPC Holding B.V. ("**UPC Holding**"), a subsidiary of Liberty Global, to a Liberty Global subsidiary that is outside of all of Liberty Global's subsidiary borrowing groups. Beginning with the first quarter of 2015, these entities, along with certain other subsidiaries of Liberty Global, will charge fees and allocate costs and expenses to other Liberty Global subsidiaries, including each of Liberty Global's borrowing groups, as appropriate. Subject to the specific terms contained in the applicable debt agreements, the implementation of the 2015 Liberty Global Allocation Methodology will impact the calculation of the EBITDA metric for each of Liberty Global's subsidiary borrowing groups as the amount of related-party fees and allocations that is included in the applicable EBITDA metric will change. In this regard, the related-party fees and allocations that are deducted to arrive at "Consolidated EBITDA" (as defined in the "*Description of Senior Secured Notes*" and "*Description of the Senior Notes*" sections included in this listing particulars) in 2015 and future periods will be based on (a) the amount and nature of costs incurred by the allocating entities during the period, (b) the allocation methodologies in effect during the period and (c) the size of the overall pool of entities that are charged fees and allocated costs, such that changes in any of these factors would likely result in changes to the amounts allocated to each of Liberty Global's subsidiary borrowing groups, including the Issuers and the restricted subsidiaries, in future periods. For example, to the extent that one of Liberty Global's subsidiary borrowing groups were to acquire (sell) an operating entity, and assuming no change in the total costs incurred by the allocating entities, the fees charged and the costs allocated to the Issuers and their restricted subsidiaries would decrease (increase). For a quantification of the pro forma impact of the 2015 Liberty Global Allocation Methodology on Consolidated EBITDA of (i) the Issuers and their respective subsidiaries for the six months ended September 30, 2014 and (ii) the Issuers and their respective subsidiaries for the six months ended September 30, 2014 as adjusted for the impact of the UPC Ireland Acquisition, see the "*Certain As Adjusted Covenant Information*", as set forth under "*Summary Financial and Operating Data*" included elsewhere in this listing particulars.

#### *Revenue*

Related-party revenue consists primarily of network access charges to UPC Holding. Virgin Media recorded related-party revenue of £0.2 million during the nine months ended September 30, 2014 and nil during the period from June 8 to December 31, 2013.

#### *Operating expenses*

Related-party operating expenses primarily consist of the net effect of (i) personnel costs charged to Liberty Global Operations B.V. ("**LGO B.V.**"), (ii) network-related expenses charged by UPC Holding and

(iii) information technology-related expenses charged by Liberty Global Services B.V. (LGS B.V.) LGO B.V. and LGS B.V. are each subsidiaries of Liberty Global that are outside of Virgin Media. Virgin Media recorded related-party operating expenses (credits) of (£2.9 million) during the nine months ended September 30, 2014 and £0.3 million during the period from June 8 to December 31, 2013.

#### ***SG&A expenses***

Amounts consist primarily of the net effect of (i) information technology-related expenses charged by LGS B.V., (ii) insurance-related expenses charged by Liberty Global Insurance Company Limited, a subsidiary of Liberty Global that is outside of Virgin Media and (iii) personnel costs charged to LGO B.V. Virgin Media recorded related-party SG&A expenses of £4.2 million during the nine months ended September 30, 2014 and £1.3 million during the period from June 8 to December 31, 2013.

#### ***Allocated share-based compensation expense***

Virgin Media's share-based compensation expense after the LG/VM Transaction represents amounts allocated to Virgin Media by Liberty Global. The amounts allocated by Liberty Global to Virgin Media represent share-based compensation associated with the Liberty Global share-based incentive awards held by certain employees of Virgin Media's subsidiaries. Virgin Media recorded allocated share-based compensation of £23.2 million during the nine months ended September 30, 2014 and £85.5 million during the period from June 8 to December 31, 2013.

#### ***Fees and allocations, net***

Fees and allocations, net, which are based on our company's estimated share of the applicable costs (including personnel-related and other costs associated with the services provided) incurred by other Liberty Global subsidiaries, represent the aggregate net effect of charges between subsidiaries of Virgin Media and various Liberty Global subsidiaries that are outside of Virgin Media. These charges generally relate to management, finance, legal, technology and other corporate and administrative services provided to our subsidiaries and are included in impairment, restructuring and other operating items, net, in our condensed consolidation statements of operations. Virgin Media recorded fees and allocations, net of £2.3 million during the nine months ended September 30, 2014 and (£0.3 million) during the period from June 8 to December 31, 2013.

#### ***Interest income***

Related-party interest income relates to related-party notes, as further described below. Virgin Media recorded related-party interest income of £167.2 million during the nine months ended September 30, 2014 and £107.0 million during the period from June 8 to December 31, 2013.

#### ***Realized gain (loss) on derivative instruments***

Realized loss on derivative instrument relates to two related-party derivative instruments with Liberty Global Europe Financing BV, a subsidiary of Liberty Global, of which one was entered into and settled during the first quarter of 2014 and one was entered into during the third quarter of 2014 and is outstanding at September 30, 2014. Virgin Media recorded realized loss on derivative instrument of £2.2 million during the nine months ended September 30, 2014.

#### ***Interest expense***

Related-party interest expense relates to a related-party note with LGI that Virgin Media entered into in connection with the LG/VM Transaction, which bore interest at a rate of 7.5%. During the Successor period, repayments were made on the note aggregating £832.2 million and, as of December 31, 2013, the note was fully repaid. Virgin Media recorded related-party interest expense of £5.8 million during the period from June 8 to December 31, 2013.

#### ***Current note receivable***

Current note receivable represents a note receivable from Lynx Europe 2 Limited (Lynx Europe 2), our immediate parent, that is owed to our subsidiary, Virgin Media Finco Limited. Pursuant to the loan agreement the maturity date is July 16, 2023, however Virgin Media Finco Limited can require repayment of all or part of the amount outstanding within three business days of providing notice to Lynx Europe 2. The note receivable is

subject to further borrowings and repayments. The interest rate on this loan, which is subject to adjustment, was 5.855% as of September 30, 2014. At September 30, 2014, this note had a balance of £263.7 million.

### ***Long-term notes receivable***

Virgin Media has the following notes receivable:

- (i) notes receivable from Lynx Europe 2 that are owed to our subsidiary, Virgin Media Finco Limited. At September 30, 2014 and December 31, 2013, these notes, which mature on April 15, 2023, had an aggregate principal balance of £2,297.3 million and bear interest at a rate of 8.5%. During the fourth quarter of 2013, a portion of these notes (£947.3 million) was redenominated from U.S. dollars to pounds sterling. The net increase during the period from June 8 to December 31, 2013 primarily relates to a cash loan of £2,290.6 million (equivalent at the transaction date) and a non-cash loan relating to deferred financing costs of £40.6 million (equivalent at the transaction date) that were paid by us on behalf of Lynx Europe 2 and reflected as an increase to the loan balance. Lynx Europe 2 subsequently contributed the amount related to the deferred financing costs to us. These increases were somewhat offset by declines from foreign exchange rate movements. The cash loan funded a transaction that occurred shortly after the LG/VM Transaction date, whereby a subsidiary of Liberty Global contributed cash to Virgin Media that was subsequently used to repay amounts outstanding under the bridge facility entered into in connection with the LG/VM Transaction;
- (ii) a note receivable from LGE Holdco V B.V., a subsidiary of Liberty Global, that is owed to us. This note, which originated this year and matures on March 6, 2019, bears interest at a rate of 5.93%. At September 30, 2014, this note had a principal balance of €327.3 million (£254.8 million);
- (iii) a note receivable from Liberty Global Incorporated Limited, a subsidiary of Liberty Global, that is owed to us. This note, which originated this year and matures on January 30, 2017, bears interest at a rate of 3.73%. At September 30, 2014, this note had a principal balance of \$189.5 million (£116.9 million);
- (iv) a note receivable from Lynx Europe 2 that is owed to us. At September 30, 2014 and December 31, 2013, this note, which matures on or before April 15, 2023, had a principal balance of \$272.5 million (£168.0 million) and \$107.5 million (£66.3 million), respectively. This note bears interest at a rate of 7.875%. The net increase during the nine months ended September 30, 2014 relates to a cash borrowing of £98.7 million (equivalent at the transaction date) and an increase of £5.0 million due to the cumulative translation adjustment during the period; and
- (v) a note receivable from Liberty Global that is owed to us. At September 30, 2014 and December 31, 2013, this note, which matures on June 4, 2018, had a principal balance of \$18.8 million (£11.7 million) and \$18.6 million (£11.5 million), respectively. At September 30, 2014 and December 31, 2013, this note bore interest at a rate of 1.74% and 1.22%. The increase during the nine months ended September 30, 2014 relates to an increase of (i) £0.3 million due to the cumulative translation adjustment during the period and (ii) £0.2 million (equivalent at the transaction date) in accrued interest. This note receivable originated as a result of a non-cash transaction on the date of the LG/VM Transaction that resulted in a corresponding increase to our additional paid-in capital. This non-cash transaction involved the transfer of shares of Old Virgin Media held in a trust to a trust consolidated by Liberty Global in exchange for this note.

## DESCRIPTION OF THE INTERCREDITOR DEEDS

We have entered into (i) a group intercreditor deed (the “**Group Intercreditor Deed**” with, among others, Deutsche Bank AG, London Branch, security trustee under our VM Credit Facility and as security trustee for the Existing Senior Secured Notes, Credit Suisse AG, London Branch and Credit Suisse AG, Cayman Islands Branch, each as facility agent under the VM Credit Facility and The Bank of New York Mellon, as trustee for our Existing Senior Secured Notes and (ii) a high yield intercreditor deed (the “**High Yield Intercreditor Deed**”) with, among others, The Bank of Nova Scotia as facility agent under our VM Credit Facility, The Bank of New York Mellon, as trustee for our Existing Senior Notes and Deutsche Bank AG, London Branch as security trustee. On the Issue Date, The Bank of New York Mellon, London Branch, is expected to (i) accede to each of the Group Intercreditor Deed and the High Yield Intercreditor Deed, respectively as trustee for and on behalf of the holders of the Senior Secured Notes offered hereby and (ii) accede to the High Yield Intercreditor Deed as trustee for and on behalf of the holders of the Senior Notes offered hereby. Definitions of certain terms used in this “*Description of the Intercreditor Deeds*” may be found below under the heading “*Certain Definitions*.” The summaries set forth below do not purport to be complete and are qualified in their entirety by reference to the actual deeds, copies of which will be made available by us upon request. See “*Listing and General Information*.”

### **Group Intercreditor Deed**

The Group Intercreditor Deed governs the relationship among our Senior Liabilities (as described below), our secured hedge counterparties and certain intra-group debtors and creditors.

#### ***Priorities***

The Group Intercreditor Deed provides that the Senior Liabilities and our secured hedging liabilities rank *pari passu* without any priority amongst themselves but senior to certain intra-group liabilities.

#### ***Senior Liabilities***

For purposes of the Group Intercreditor Deed, the “Senior Liabilities” include all of our present and future obligations and liabilities (excluding our hedging liabilities) to the Senior Finance Parties under or in connection with the Senior Finance Documents, including any New Senior Liabilities, together with any related additional liabilities owed to the Senior Finance Parties and together also with all costs, charges and expenses incurred by each of the Senior Finance Parties in connection with the protection, preservation or enforcement of its rights under the Senior Finance Documents.

VMIH may at any time designate liabilities under any credit facility or other financial accommodation as “New Senior Liabilities” under the Group Intercreditor Deed (whether to refinance, replace or increase any existing Senior Liabilities or to constitute any new financial accommodation), provided that the incurrence of such liabilities complies with the terms of our VM Credit Facility (or, upon its discharge in full, the Designated Refinancing Facilities Agreement). VMIH will designate the Notes and the Guarantees offered hereby as New Senior Liabilities on the Issue Date upon which designation they will constitute Senior Liabilities for all purposes under the Group Intercreditor Deed. VMIH has also made this designation in respect of our Existing Senior Secured Notes.

#### ***Instructing Party***

The Instructing Party which controls, among other things, voting and enforcement with respect to and under the Group Intercreditor Deed is defined, for as long as any of our Senior Liabilities are outstanding, as:

- (i) prior to an Enforcement Control Event, the Instructing Group (as defined in our VM Credit Facility or, upon its discharge in full, the Designated Refinancing Facilities Agreement); or
- (ii) upon an Enforcement Control Event, the Senior Finance Parties representing a majority of the aggregate outstanding principal amount and undrawn uncanceled commitments under the Senior Finance Documents at the relevant date of determination.

For the definition of “Instructing Group” under our VM Credit Facility, see “*Description of Other Debt—The VM Credit Facility—Certain Definitions*.”

## ***Enforcement***

The Group Intercreditor Deed sets forth the relative rights of, amongst other things, our creditors in relation to our Senior Liabilities to enforce the security interests granted by us. The holders of the Notes offered hereby, at all times have the right, subject to the terms of the Group Intercreditor Deed and the relevant finance documents, to, among other things:

- demand payment of interest or principal;
- declare prematurely due or accelerate any interest or principal;
- perfect and preserve rights in any security interest;
- institute legal proceedings under the terms of the Senior Finance Documents (other than the Security Documents) for collection of amounts owing thereunder, to seek injunctive relief against any actual or putative breaches of any Senior Finance Documents or for specific performance or similar remedies or assert rights of an unsecured creditor, including arising under any insolvency event;
- file any necessary or responsive pleadings in response to any person objecting or seeking disallowance of their rights in the security; and
- file claims or statements of interest with respect to the Senior Liabilities upon the occurrence of any insolvency event.

Any of the following additional enforcement actions proposed to be taken by the holders of the Notes offered hereby, would require the consent of the Instructing Party (or its relevant agent or representative):

- exercise or seek to exercise any right to crystallize any floating charge created pursuant to the Security Documents;
- exercise or seek to exercise any right to enforce any encumbrance created pursuant to the Security Documents;
- exercise or seek to exercise the remedy of foreclosure in respect of any asset subject to any encumbrance created pursuant to the Security Documents;
- petition for, initiate or support to take, or join with any person in commencing to take, any steps with a view to any insolvency, liquidation, reorganization, administration or dissolution proceedings or any voluntary arrangements for the benefit of creditors or any similar proceedings involving an obligor;
- contest or support any other person in contesting, the perfection, priority, validity or enforceability of all or any part of the security granted pursuant to the Security Documents or the validity or enforceability of any of the Senior Liabilities or our secured hedging liabilities or of the priorities, rights or duties established by the Group Intercreditor Deed;
- contest, protest or object to any enforcement or foreclosure proceeding or action or any other rights and remedies relating to the security granted pursuant to the Security Documents brought by the security trustee or the Senior Lenders or object to the forbearance by the security trustee or the Senior Lenders from bringing or pursuing any enforcement or foreclosure proceeding or action or otherwise exercise any right of remedies relating to the security; or
- take or cause to be taken any action the purpose or intent of which is, or could be, to interfere, hinder or delay, in any manner, whether by judicial proceedings or otherwise, any sale, transfer or other disposition of the security by the security trustee.

Our secured hedge counterparties, holders of our Existing Senior Secured Notes and certain intra-group creditors are also subject to certain limitations on taking enforcement action under the Group Intercreditor Deed as well as certain limitations on receiving payments and other distributions in respect of the secured hedging liabilities and intra-group liabilities.

## ***Enforcement of Security***

The security trustee will, to the extent it is entitled to do so under the Security Documents, act in relation to the security interests in accordance with the instructions of the Instructing Party (or its relevant agent or representative). Before giving any instructions to the security trustee to enforce any security interests, the relevant agent or representative acting for the Instructing Group is required to consult with the security trustee in good faith, with a view to coordinating their actions, for a period of 45 days or such shorter period as the

relevant agent may determine. The relevant agent or representative is not required to so consult with the security trustee if:

- the security interest has become enforceable as a result of (i) an insolvency event, (ii) a non-payment event of default under our senior credit facility or any equivalent provisions under any other Senior Finance Document, or (iii) any other party taking any enforcement action against an obligor; and
- the relevant agent determines in good faith that to enter into such consultations and thereby delay the commencement of enforcement of the security interest could reasonably be expected to adversely impact in any material respect the ability to enforce any of the security interests or the realization proceeds of any enforcement of the security interests.

The security trustee will incur no liability to any Priority Creditor in exercising in good faith any discretion with respect to the enforcement of security interests or if it acts on the advice of a reputable independent investment bank. The security trustee and the facility agent under our VM Credit Facility will be required to use reasonable efforts to consult with any authorized representative or any steering committee or other representative in respect of any series of Additional Senior Liabilities, which would include, prior to the any Enforcement Control Event, the trustee acting on behalf of the holders of the Notes offered hereby prior to taking any enforcement action and provide on a regular basis relevant information on the status of any ongoing enforcement action.

### ***Release of Collateral***

If any assets are sold or otherwise disposed of (i) by (or on behalf of) the security trustee, (ii) as a result of a sale by an administrator or liquidator, or (iii) by an obligor at the request of the security trustee (acting on the instructions of or with the consent of the Instructing Party (or its relevant agent or representative)), in each case, of the foregoing, either as a result of the taking of an enforcement action or a disposal by an obligor after any enforcement action, the security trustee is authorized to release those assets from the collateral and is authorized to execute, without any further authority by any Priority Creditor,

- any release of the collateral or any other claim over that asset and to issue any certificates of non-crystallization of any floating charge that may, in the absolute discretion of the security trustee, be considered necessary or desirable;
- if the asset which is disposed of consists of all of the shares in the capital of an obligor or any holding company or subsidiary of that obligor, any release of that obligor or holding company or subsidiary from all liabilities it may have to any Priority Creditor or other obligor and a release of any security interest granted by that obligor or holding company or subsidiary over any of its assets under any of the Security Documents; and
- if the asset which is disposed of consists of all of the shares in the capital of an obligor or any holding company or subsidiary of that obligor and if the security trustee wishes to dispose of any liabilities owed by that obligor, any agreement to dispose of all or part of those liabilities on behalf of the relevant Priority Creditors, obligors or agents (with the proceeds thereof being applied as if they were the proceeds of enforcement of the collateral) provided that the security trustee takes reasonable care to obtain a fair market price in the prevailing market conditions (though the security trustee has no obligation to postpone any disposal in order to achieve a higher price). No guarantees of any notes issued by Virgin Media Finance, VMIH, any financing subsidiary, or any issuer of senior secured notes from time to time (including the notes offered hereby) under an indenture may be disposed of pursuant to this paragraph (although such guarantees may be released pursuant to the preceding paragraph).

No liabilities of Virgin Media Finance, VMIH, any financing subsidiary or any issuer of senior secured notes from time to time (including the Issuer of the Notes offered hereby), in each case, in its capacity as a borrower or issuer under any Senior Finance Documents, may be disposed of pursuant to the foregoing or released pursuant to the foregoing. Any asset which is disposed of is released from the claims of all Priority Creditors and the proceeds of such disposal will be applied in accordance with “—*General Application of Proceeds*” below.

### ***Security Trustee Authorization***

Subject to the terms of the Senior Finance Documents, at any time after an event of default has occurred and is continuing under our VM Credit Facility or any of the other Senior Finance Documents, the security trustee may take such steps as it deems necessary or advisable:

- to perfect or enforce any of the security interests granted in its favor;
- to effect any disposal or realization or enforcement of any of the liabilities of the obligors (including by any acceleration thereof);
- to collect and receive any and all payments or distributions which may be payable or deliverable in relation to any of the liabilities of the obligors; or
- otherwise to give effect to the intent of the Group Intercreditor Deed.

The security trustee may refrain from enforcing the security interests unless and until instructed to do so by the Instructing Party (or its relevant agent or representative) and no Priority Creditor (or its authorized representative) is permitted to contest or object to any enforcement action taken by the security trustee on the instructions of the Instructing Party (or its relevant agent or representative). No party is permitted to take or receive any collateral or any proceeds of any collateral in connection with the exercise of any right or remedy (including set off) with respect to the collateral other than the security trustee acting on the instructions of the Instructing Party (or its relevant agent or representative) in accordance with the terms of the Group Intercreditor Deed.

The security trustee has the exclusive right (and the Instructing Party (or its relevant agent or representative) has the exclusive right to instruct the security trustee) to enforce rights, exercise remedies (including set-off) and make determinations regarding the release, disposition, or restrictions with respect to the security and in exercising such rights and remedies, the security trustee and the Instructing Party (or its relevant agent or representative) may enforce the provisions of the Senior Finance Documents and exercise the remedies thereunder, all in such order and in such manner as they may determine in the exercise of their sole discretion.

Subject to “—*Manner of Enforcement*” below, if the Instructing Party (or its relevant agent or representative) instructs the security trustee to enforce the security, it may do so in such manner as it deems fit, having regard solely to the interests of the Beneficiaries. Neither the security trustee, the relevant agent acting for the Instructing Group nor any other Senior Finance Party is responsible to any other creditor for any failure to enforce or to maximize the proceeds of any enforcement, and may cease any such enforcement at any time.

### ***Manner of Enforcement***

If the security trustee does enforce any of the security interests it may do so in such manner as it sees fit solely having regard to the interest of the Beneficiaries. The security trustee is not responsible to any Beneficiary for any failure to enforce nor to maximize the proceeds of any enforcement, and may cease any such enforcement at any time.

Neither the Instructing Party (or its relevant agent or representative) instructing the security trustee, nor the security trustee itself, is required to take into account the sharing of proceeds provision in the Group Intercreditor Deed when determining the manner of enforcement (and which security to enforce) and, if it is determined to enforce any direct security over shares (other than shares in VMIH and/or VMIL), the Instructing Party (or its relevant agent or representative, as the case may be) must in good faith believe that doing so will result in more aggregate proceeds resulting from enforcement of security (disregarding the sharing of proceeds provisions in the Group Intercreditor Deed) than would be realized solely from enforcing direct security over shares in VMIH and/or VMIL alone.

### ***Standstill Payments***

Following an event of default under our VM Credit Facility or any other Senior Finance Document all payments received by any Senior Finance Party to enter into any standstill agreement or other agreement to delay the taking of any enforcement action is required to be shared among all the Senior Finance Parties pro rata based on the aggregate outstanding principal amount and undrawn commitments with respect to the Senior Liabilities held by such Senior Finance Party.



### ***No New Encumbrances***

For so long as any Senior Liabilities are outstanding, no obligor is permitted to grant or permit any additional encumbrances, or take any action to perfect any additional encumbrances, on any asset or property to secure any series of Senior Liabilities unless it has also granted an encumbrance on such asset or property to secure all of the other series of Senior Liabilities to the extent legally possible and without undue burden on the Virgin Media group of companies (excluding limitations or exclusions in the collateral provided to any series pursuant to the terms of the Senior Finance Documents in respect of such series) and has taken all actions to perfect such encumbrances. To the extent that the foregoing is not complied with, any amounts received by any Senior Finance Party in contravention of the foregoing is required to be paid to the security trustee for the benefit of the Priority Creditors for application pursuant to and in accordance with “—*General Application of Proceeds*” below.

### ***General Application of Proceeds***

Subject to the rights of any preferential creditor and notwithstanding the terms of the Security Documents, the net proceeds of enforcement of the collateral will be paid to the security trustee for the benefit of the Priority Creditors pursuant to the terms of the Group Intercreditor Deed and will be applied by the security trustee (or any receiver on its behalf) in the following order of priority, in each case, until such amounts have been repaid and discharged in full:

FIRST, in or towards payment of a sum equivalent to the aggregate of any amounts payable to the security trustee under the Senior Finance Documents, to the security trustee;

SECOND, in or towards payment of any fees, expenses, costs or commissions payable to any Senior Finance Party under any Senior Finance Document;

THIRD, in or towards payment of a sum equivalent to the aggregate of the Senior Liabilities and our secured hedging liabilities, to the Second Beneficiaries respectively, which sum will (if insufficient to discharge the same in full) be paid to the Second Beneficiaries on a pro rata basis without any priority amongst themselves; and

FOURTH, in payment to the relevant obligor(s) or other person(s) entitled thereto.

To the extent that (i) the net proceeds of any enforcement of collateral and (ii) any other recoveries and/or proceeds from any obligor (other than in the case of sub-paragraph (ii), such other recoveries and/or proceeds from Virgin Media Finance and VMIH) are to be applied in accordance with the foregoing, any such proceeds are required to be applied in accordance with the foregoing until all of the Senior Liabilities and our secured hedging liabilities have been discharged in full.

To the extent that a security interest has not been granted in favor of any series of Senior Liabilities incurred after October 30, 2009 or the Senior Finance Documents in respect of such series limit or exclude such security interest from the collateral securing such series of Senior Liabilities, such series of Senior Liabilities will not receive any net proceeds resulting from the enforcement of such security interests that was so limited or excluded. The foregoing does not apply to the extent security has been granted over a particular asset under one or more Senior Finance Documents which (A) security does not secure a particular series of Senior Liabilities or (B) the Senior Finance Documents in respect of a particular series of Senior Liabilities limit or exclude such security from the collateral securing such series of Senior Liabilities, but other security has been granted over that asset which does secure such series of Senior Liabilities and is not so limited or excluded from the collateral securing such series of Senior Liabilities.

### ***Turnover***

If any hedge counterparty, any creditor under intra-group debt or any obligor receives or recovers any payment in contravention of the terms of the Group Intercreditor Deed, it is required to hold such payment on trust and pay over such amounts to the security trustee for application in accordance with the order of application set forth above under “—*General Application of Proceeds*.”

### ***Purchase Option***

If an event of default has occurred under our VM Credit Facility or the Designated Refinancing Facilities Agreement and the security trustee or the Senior Lenders have begun any formal step to enforce any guarantee under any Senior Finance Document and/or security under any Security Document, the Additional Senior Finance Parties (which would include the holders of the Notes offered hereby) may, at the expense of such Additional Senior Finance Parties, purchase or procure the purchase of all (but not part) of the rights and

obligations of the Senior Lenders in connection with the Senior Liabilities under the Senior Facilities Agreement or the Designated Refinancing Facilities Agreement upon 10 business days' prior written notice.

If any Additional Senior Finance Parties in respect of more than one series of Additional Senior Liabilities attempts to exercise this purchase option by procuring the service of the notice described above, such right will be shared on a pro rata basis among the series of Additional Senior Liabilities that have served such notice.

Any such purchase shall take effect on the following terms:

- payment in full in cash of an amount equal to the outstanding principal amount under our VM Credit Facility (or any future Designated Refinancing Facilities Agreement) as of the date that amount is to be paid (including all accrued interest, fees and expenses, but not any prepayment fees, other than LIBOR/EURIBOR break funding costs, if any);
- payment in full in cash of the amount which each Senior Lender certifies to be necessary to compensate it for any loss on account of funds borrowed, contracted for or utilized to fund any amount included in the Senior Liabilities, resulting from the receipt of that payment otherwise than on the last day of an interest period under our senior credit facility or the Designated Refinancing Facilities Agreement, in relation thereto;
- after the transfer, no Senior Lender (in their capacity as such) will be under any actual or contingent liability to any obligor or any other person under the Group Intercreditor Deed or any Senior Finance Document for which it is not holding cash collateral in an amount and established on terms reasonably satisfactory to it;
- an indemnity is provided from each of the purchasing Additional Senior Finance Parties (or from another third party acceptable to all the Senior Lenders) to the Senior Lenders in respect of all losses which may be sustained or incurred by any Senior Lender in consequence of any sum received or recovered by any Senior Lender from any Senior Finance Party or obligor, or any other person being required (or it being alleged that it is required) to be paid back by or clawed back from any Senior Lender for any reason whatsoever, provided that where it is demonstrated to the reasonable satisfaction of the Senior Lenders that those losses could not have been recovered in full by the relevant Senior Lender under the Senior Finance Documents, had that transfer not been made, that indemnity shall not extend to the shortfall; and
- the relevant transfer shall be without recourse to, or warranty from, the Senior Lenders, except that each Senior Lender shall be deemed to have given certain limited warranties on the date of that transfer.

### ***Amendments***

Save for certain technical amendments which may be made without reference to the Priority Creditors, the agent or representative acting for the Instructing Party may, from time to time, agree with VMIH to amend the Group Intercreditor Deed and any amendments so made will be binding on all the parties hereto, provided that any amendment which would:

- materially and adversely affect any rights of the Priority Creditors may not be made without the prior written consent of the Instructing Party, provided that in the case of any such amendments which would affect the rights of a series of Senior Liabilities in a way that is material and adverse relative to one or more other series, the applicable consent of such affected series (as determined pursuant to the Senior Finance Documents in respect of such series) will also be required;
- impose or vary any obligation on the Priority Creditors may not be made without the prior written consent of the Instructing Party, provided that in the case of any such amendment which imposes or varies the obligations of a series of Senior Liabilities in a way that is material and adverse relative to one or more other series, the applicable consent of such affected series (as determined pursuant to the Senior Finance Documents in respect of such series) will also be required;
- have the effect of (i) changing the *pari passu* ranking of the secured hedging liabilities with the Senior Liabilities or the pro rata basis of payment to the Second Beneficiaries described under “— *General Application of Proceeds*,” (ii) changing the amendments clause or (iii) the secured hedge counterparties ceasing to be Priority Creditors or the secured hedging liabilities ceasing to be secured obligations, in each case, may not be made without the prior written consent of each secured hedge counterparty adversely affected thereby; or
- adversely affect any right, or impose or vary any obligation, of any party hereto other than a Priority Creditor may not be made without the consent of that party.

Any amendment which relates to, or has the effect of, subordinating all or any portion of any series of Senior Liabilities to the other Senior Liabilities will only require the consent of the Instructing Party and the applicable consent of such series being subordinated (as determined pursuant to the Senior Finance Documents in respect of such series).

### ***Governing Law***

The Group Intercreditor Deed is governed by and is to be construed in accordance with English law.

### ***Certain Definitions***

For purposes of this section “*Description of Intercreditor Deeds—Group Intercreditor Deed:*”

“Additional Senior Finance Parties” means any Senior Finance Parties in respect of any Additional Senior Liabilities;

“Additional Senior Liabilities” means any Senior Liabilities which are not outstanding under our senior credit facility or the Designated Refinancing Facilities Agreement;

“Beneficiaries” means the security trustee (to the extent only of the amounts payable to it in its capacity as such (for its own account) pursuant to the Senior Finance Documents) and the Second Beneficiaries;

“Designated Refinancing Facilities Agreement” means, upon the discharge of our senior credit facility in full, any Refinancing Facilities Agreement designated as such by VMIH. Only one agreement at a time may be a Designated Refinancing Facilities Agreement;

An “Enforcement Control Event” occurs when 60 consecutive business days have lapsed since both of the following have occurred at the same time: the aggregate outstanding principal amount and undrawn commitments under our senior credit facility (or, upon its discharge in full, the Designated Refinancing Facilities Agreement), (i) is less than £1.0 billion and (ii) represents less than 60% of the aggregate outstanding principal amount and undrawn commitments under all our Senior Liabilities, and both conditions under clauses (i) and (ii) continue to exist on such 60th business day;

“Priority Creditors” means the Senior Finance Parties and our secured hedge counterparties;

“Refinancing Facilities Agreement” is defined to include any agreement under which debt facilities are made available for the refinancing of the facilities made available under our senior secured facilities agreement or any Designated Refinancing Facilities Agreement and which is designated as such by VMIH, provided that the aggregate principal amount of such refinancing indebtedness does not exceed the aggregate principal amount under our senior credit facilities or any Designated Refinancing Facilities Agreement that it is refinancing plus any New Senior Liabilities;

“Second Beneficiaries” means the facility agent under our senior credit facility or any Designated Refinancing Agreement, any other authorized representatives of either any other series of Senior Liabilities or the Senior Liabilities as a whole, the Senior Finance Parties and our secured hedge counterparties;

“Senior Finance Documents” means (i) the Relevant Finance Documents, as defined in our senior credit facility, or upon its discharge in full, equivalent expression in the Designated Refinancing Facilities Agreement, (ii) any Refinancing Facilities Agreement and (iii) any document evidencing New Senior Liabilities;

“Senior Finance Parties” means (i) the Relevant Finance Parties, as defined in our senior credit facility or, upon its discharge in full, equivalent expression in the Designated Refinancing Facilities Agreement, and (ii) any other creditor or designated agent under any of the Senior Finance Documents; and

“Senior Lenders” means a bank or financial institution or other person which has become a party to the Group Intercreditor Deed as a Senior Lender, in accordance with the applicable provisions of the Group Intercreditor Deed and our senior credit facility or any Designated Refinancing Facilities Agreement.

### **High Yield Intercreditor Deed**

The High Yield Intercreditor Deed governs the relationship of the various lenders under our VM Credit Facility, holders of our Existing Senior Secured Notes and the Senior Secured Notes offered hereby, certain related counterparties, the holders of our Existing Senior Notes and the Senior Notes offered hereby, VMIH, VMIL and the Senior Note Issuer. The High Yield Intercreditor Deed contains express provisions for the

subordination of the senior subordinated guarantee of the Existing Senior Notes and the Senior Notes offered hereby by VMIH, VMIL and any intercompany loans made to VMIH and VMIL. We collectively refer to these obligations as subordinated obligations. The High Yield Intercreditor Deed also contains provisions allowing VMIH and VMIL to afford creditors with respect to specified other senior indebtedness who have acceded as parties to the High Yield Intercreditor Deed the benefits of the subordination arrangements afforded to the lenders under our VM Credit Facility, holders of our Existing Senior Secured Notes and the Senior Secured Notes offered hereby by the High Yield Intercreditor Deed.

### ***Priorities***

The High Yield Intercreditor Deed provides that the following liabilities rank and should be paid and discharged in the following order:

FIRST, the Senior Liabilities (as described below), *pari passu* without any priority amongst themselves (but without prejudice to any alternative priorities in the Group Intercreditor Deed);

SECOND, the High Yield Guarantee Liabilities, *pari passu* with any other senior subordinated obligations of any High Yield Guarantor and without any priority amongst themselves; and

THIRD, the Subordinated Intra-group Liabilities.

### ***Senior Liabilities and High Yield Guarantee Liabilities***

For the purposes of the High Yield Intercreditor Deed, “Senior Liabilities” include all present and future obligations and liabilities of the obligors to the Senior Finance Parties under or in connection with the Senior Finance Documents including any New Senior Liabilities together with any related additional liabilities owed to the Senior Finance Parties and together also with all costs, charges and expenses incurred by each of the Senior Finance Parties in connection with the protection, preservation or enforcement of its rights under the Senior Finance Documents, which includes our secured hedging liabilities. The Notes offered hereby together with our obligations under our VM Credit Facility, our Existing Senior Secured Notes and our related secured hedging liabilities will constitute Senior Liabilities for purposes of the High Yield Intercreditor Deed.

For the purposes of the High Yield Intercreditor Deed, “High Yield Guarantee Liabilities” include all present and future obligations and liabilities of any High Yield Guarantor to any High Yield Creditors pursuant to any High Yield Guarantee, which includes the senior subordinated guarantees provided by VMIH and VMIL in respect of our Existing Senior Notes, together with any related additional liabilities owed to any High Yield Creditor pursuant to any High Yield Guarantee in connection with the protection, preservation or enforcement of the rights of such High Yield Creditors under the indenture and other related documentation with respect thereto.

### ***Payment Blockage***

If there is a payment default under our Senior Liabilities or if there is an outstanding payment blockage notice, the High Yield Intercreditor Deed will restrict the ability of any High Yield Guarantor in respect of the High Yield Guarantee Liabilities or any Intra-group Debtor in respect of the Subordinated Intra-group Liabilities:

- to make payments on;
- to grant security for;
- to defease; or
- otherwise to provide financial support in relation to,

the High Yield Guarantee Liabilities or the Subordinated Intra-group Liabilities for so long as the Senior Liabilities remain outstanding. In the event of a payment default with respect to our Senior Liabilities, service of a payment blockage notice is not required to effect the restrictions described above.

A payment blockage notice may be served by the Instructing Group (as defined in the VM Credit Facility) or representatives of Designated Indebtedness (if applicable) on, among others, the trustee of any High Yield Notes during the continuance of a non-payment event of default with respect to our Senior Liabilities. While a payment blockage is in effect, any High Yield Guarantor and any Intra-group Debtor will be prohibited from making any payment with respect to the High Yield Guarantee Liabilities or the Subordinated Intra-group Liabilities, as applicable.

However, a payment blockage notice is only permitted to be served on or before the date falling 45 days after the date on which notice of such event of default has been received by the agent or representative of the relevant series of Senior Liabilities. A payment blockage notice will remain outstanding, unless cancelled, until the earliest of:

- 179 days after the date of such payment blockage notice;
- the date on which the event of default under the Senior Liabilities is no longer continuing or is remedied or waived;
- cancellation of such payment blockage notice by the agent or representative of the relevant series of Senior Liabilities which initially served such notice;
- if any standstill period is in effect on the date of the service of such payment blockage notice, the date on which such existing standstill period expired; or
- the date on which the Senior Liabilities have been discharged in full.

Only one blockage notice is permitted to be served in respect of a particular event or circumstance, and only one blockage notice is permitted to be served in any consecutive 360-day period relating to an event of default under our Senior Liabilities which was existing at the time of such payment blockage notice, unless such event of default has been remedied and is no longer continuing for at least 180 days prior to the service of the proposed new payment blockage notice.

### ***Standstill on Enforcement***

The trustee under the indentures governing any of our High Yield Notes and the holders of such High Yield Notes may bring an action to enforce the obligations of Virgin Media Finance thereunder and, subject to the circumstances described below, the obligations of the relevant High Yield Guarantor under the related High Yield Guarantee. Subject also to the circumstances described below, Virgin Media Finance may also take action to enforce the obligations in respect of the Subordinated Intra-group Liabilities. Enforcement in respect of any High Yield Notes against Virgin Media Finance is not restricted by the High Yield Intercreditor Deed. However, enforcement action may not be taken with respect to the Subordinated Intra-group Liabilities, and the High Yield Guarantees will not become due, unless:

- all of our Senior Liabilities have been discharged in full;
- an insolvency event has occurred in relation to the relevant obligor;
- any Senior Liabilities have been declared due and payable or due and payable on demand, or the lenders thereunder have taken any action to enforce any security interest or lien granted in connection with such obligations; or
- a default has occurred with respect to the relevant High Yield Guarantees, the agents or representatives of the Senior Liabilities have been notified of such default, a standstill period of 179 days has expired and at the end of such period the default is continuing, unremedied or unwaived.

### ***Subordination on Insolvency***

In the event of an insolvency of any Intra-group Debtor, any High Yield Guarantor or any member of the Virgin Media group which is a party to a secured hedging agreement, the High Yield Intercreditor Deed provides that all High Yield Guarantee Liabilities and Subordinated Intra-group Liabilities will be subordinated to the prior payment in full of all Senior Liabilities. In that event, the security trustee may make demands under, or enforce, the High Yield Guarantee Liabilities and Subordinated Intra-group Liabilities and any amounts so received in respect thereof shall be applied by the security trustee towards all Senior Liabilities obligations outstanding until such obligations have been paid in full.

### ***Turnover and Application of Proceeds***

In the event that, in contravention of the subordination terms described above, or at a time when payments are not permitted to be made:

- Virgin Media Finance receives or recovers a payment or distribution, in cash or in-kind, relating to any Subordinated Intra-group Liabilities, or
- Virgin Media Finance, the trustee under the indentures governing any High Yield Notes or any holder thereof receives or recovers a payment under any High Yield Guarantee,

such person will turn over such amount to the security trustee for application towards payment of the Senior Liabilities until the obligations under the Senior Liabilities are paid in full as described below under “—*Priority of Payments.*”

### ***Release of the High Yield Guarantees***

The High Yield Intercreditor Deed provides for the automatic and unconditional release and discharge of High Yield Guarantees concurrently with any sales of all of the shares of any High Yield Guarantor or any of its direct or indirect holding companies or of all or substantially all of the assets of a High Yield Guarantor by the security trustee or an administrator appointed under the U.K. Insolvency Act of 1986. In order for the release to be effective:

- the proceeds of such sale must be in cash, or substantially in cash, and must be applied as described below under “—*Priority of Payments;*”
- the relevant High Yield Guarantor must be released from its obligations in respect of any other indebtedness of any member of the restricted group, except for our Senior Liabilities and claims by the trustee pursuant to the terms of any indenture governing the relevant High Yield Notes; and
- the sale must be made pursuant to either a public auction or a competitive bid process to obtain the best price reasonably obtainable given the then current condition (financial or otherwise), earnings, business, assets and prospects of the relevant High Yield Guarantor and its subsidiaries, the security trustee or administrator having consulted with an internationally recognized investment bank, including without limitation and to the extent appropriate a Senior Lender or a relationship bank of Virgin Media Finance or its subsidiaries, or an internationally recognized accounting firm regarding the appropriate procedures for obtaining the best price for the shares or assets, considered the recommendations of that investment bank or accounting firm and used its reasonable efforts to cause the procedures recommended by that investment bank or accounting firm to be implemented in all material respects in relation to the sale and to permit holders of the relevant High Yield Notes to participate in the sale process as bidders.

The High Yield Intercreditor Deed provides that if, notwithstanding the reasonable efforts of the security trustee, the procedures referred to above are not implemented by the relevant court or other authority or any other third party required to act in connection with such sale, the security trustee will not be under any further obligation to cause such procedures to be implemented by such authority.

### ***Priority of Payments***

The postponement, subordination, blockage and prevention of payment of the High Yield Guarantees is not intended to and will not impair the obligation of the High Yield Guarantors to pay the holders of our High Yield Notes all amounts due and payable under such guarantees as and when they become due and payable in accordance with the terms of the High Yield Intercreditor Deed. The liabilities owed to the creditors of any High Yield Guarantor will be paid and discharged in the following order:

FIRST, towards any liabilities owed to the trustee under the indentures of the High Yield Notes in respect of any costs, charges or expenses incurred by or payable to it in its capacity as trustee under such indentures *pari passu* with the security trustee in respect of any costs, charges or expenses incurred by or payable to it in its capacity as security trustee;

SECOND, towards any fees, costs, commissions or expenses payable to any Senior Finance Parties in relation to Senior Liabilities;

THIRD, towards the discharge of any Senior Liabilities *pari passu* without any priority amongst themselves;

FOURTH, towards any liabilities owed to the holders of any of our High Yield Notes in respect of the related High Yield Guarantee; and

FIFTH, towards payment of any Subordinated Intra-group Liabilities owed to Virgin Media Finance by any Intra-group Debtor.

Any additional amounts remaining after discharge of the above listed liabilities will be paid to the relevant obligor or any other person or persons entitled thereto.

### ***Governing Law***

The High Yield Intercreditor Deed is governed by and is to be construed in accordance with English Law.

### ***Certain Definitions***

For purposes of this section, “*Description of Intercreditor Deeds—High Yield Intercreditor Deed:*”

“High Yield Creditor” means each holder of our High Yield Notes from time to time.

“High Yield Guarantor” means VMIH and VMIL as providers of subordinated guarantees in respect of our existing High Yield Notes and any other direct or indirect subsidiary of Virgin Media Finance which is a provider from time to time of any High Yield Guarantee in respect of any High Yield Notes.

“High Yield Guarantee” means any unsecured subordinated guarantee of any High Yield Notes provided by any High Yield Guarantor.

“High Yield Notes” means our Existing Senior Notes and any other senior unsecured notes issued by Virgin Media Finance and guaranteed by any High Yield Guarantor.

“Intra-group Debtor” means VMIH, VMIL and any other High Yield Guarantor from time to time.

“New Senior Liabilities” means credit facilities or other financial accommodation provided by any Senior Finance Party under the Senior Finance Documents to VMIH which exceeds the total commitments as of April 13, 2004 under our historic senior credit facility dated as of April 13, 2004 (excluding, for the avoidance of doubt, any credit exposure of a lender thereunder, if any, in its capacity as a hedge counterparty, if applicable). No consent by any creditor is required for the incurrence of such New Senior Liabilities provided such incurrence is permitted under the indenture governing our High Yield Notes.

“Refinancing Facilities Agreement” means any facilities agreement under which facilities are made available for the refinancing of the facilities made available under the VM Credit Facility or any predecessor Refinancing Facilities Agreement and which is designated as such by VMIH provided that the incurrence of such refinancing indebtedness is permitted under the finance documents in respect of our High Yield Notes.

“Senior Finance Documents” means the Finance Documents (as defined in our senior credit facility or any Refinancing Facilities Agreement), which shall include our secured hedging documents.

“Senior Finance Parties” means the Finance Parties (as defined in our senior credit facility or any Refinancing Facilities Agreement), which shall include our secured hedge counterparties.

“Subordinated Intra-group Liabilities” includes all present and future obligations constituted by indebtedness owed by any Intra-group Debtor to Virgin Media Finance, together with any related additional liabilities owed to Virgin Media Finance and together with all costs, charges and expenses incurred by Virgin Media Finance in connection with the protection, preservation or enforcement of its rights in respect of such amount.

## DESCRIPTION OF OTHER DEBT

The following contains a summary of the material provisions of our material indebtedness. It does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the underlying documents. The following summary is, unless indicated otherwise, presented as of the date hereof. Some of the terms used herein are defined in these agreements and not all such definitions have been included herein.

### The VM Credit Facility

On June 7, 2013, Virgin Media Finance, as parent, together with certain other subsidiaries of Virgin Media, as borrowers and guarantors, entered into a new senior secured credit facility agreement, as amended and restated on June 14, 2013 (the “VM Credit Facility”).

The VM Credit Facility allows any borrower to enter into additional term loan or revolving credit facilities (each, an “Additional Facility”), subject to compliance with the financial covenants described below. The terms of any Additional Facility, including principal amount, interest rate and maturity, will be as agreed among the relevant borrower and the lenders under the Additional Facility. The lenders under any Additional Facility are required to become a party to the VM Credit Facility and are entitled to share in the collateral securing the other loans under the VM Credit Facility on a *pari passu* or junior basis (as may be agreed by such lenders).

### Structure

The details of the borrowings under the VM Credit Facility, as of September 30, 2014, are summarized in the following table:

	Final maturity date	Interest rate	Facility amount (in borrowing currency) (a)	Unused borrowing capacity	Carrying value (b)
				in millions	
A	June 7, 2019	LIBOR + 3.25%	£ 375.0	£ —	£ 375.0
B	June 7, 2020	LIBOR + 2.75% (c)	\$ 2,755.0	—	1,691.5
D	June 30, 2022	LIBOR + 3.25% (c)	£ 100.0	—	99.8
E	June 30, 2023	LIBOR + 3.50% (c)	£ 849.4	—	847.3
Revolving facility (d).....	June 7, 2019	LIBOR + 3.25%	£ 660.0	660.0	—
<b>Total .....</b>				<b>£ 660.0</b>	<b>£ 3,013.6</b>

- (a) Amounts represent total third-party facility amounts at September 30, 2014 without giving effect to the impact of discounts.
- (b) The carrying values of facilities B, D and E include the impact of discounts.
- (c) Facilities B, D and E each have a LIBOR floor of 0.75%.
- (d) The revolving facility has a fee on unused commitments of 1.3% per year.

### Interest Rates

Under the VM Credit Facility, the rate of interest for each interest period in respect of each facility under the VM Credit Facility is the percentage rate per annum equal to the aggregate of an applicable margin, LIBOR (or if loans are denominated in euro, EURIBOR) and any mandatory cost (which is the cost of compliance with reserve asset, liquidity, cash margin, special deposit or other like requirements). Interest on each of the facilities accrues daily from and including the first day of an interest period and is payable on the last day of each interest period (unless the interest period is longer than six months, in which case interest is payable on the last day of each six-month period) and is calculated on the basis of a 365-day year (in the case of amounts denominated in sterling) or 360-day year (in the case of amounts denominated in any other currency).

### Guarantees and Security

The VM Credit Facility requires that members of the Credit Group which generate not less than 80% of the EBITDA of the Credit Group (excluding the consolidated net income attributable to any joint venture) in any financial year guarantee the payment of all sums payable under the VM Credit Facility and related finance documentation and such members are required to grant first-ranking security over all or substantially all of their



assets to secure the payment of all sums payable under the VM Credit Facility and related finance documentation.

### ***Mandatory Prepayment***

In addition to mandatory prepayments from disposal proceeds, not less than 30 business days following the occurrence of a change of control, if the Instructing Group so requires, the facility agent may cancel the lenders' commitments and declare the lenders' loans due and payable.

### ***Automatic Cancellation***

On the relevant termination date of a facility under the VM Credit Facility, any available commitments in respect of such facility shall automatically be cancelled and the commitment of each lender in relation to such facility shall automatically be reduced to zero.

### ***Financial Covenants***

The VM Credit Facility requires Virgin Media and its subsidiaries (the "**Credit Group**") to maintain a senior net debt to annualized EBITDA ratio, tested each financial quarter of no more than 4.25 to 1.00; and a total net debt to annualized EBITDA ratio, tested each financial quarter of no more than 5.50 to 1.00. If the proposed amendments to the VM Credit Facility (as described below under "*—Amendments to the VM Credit Facility approved by lenders under Facility D and E*") become effective, then the maximum ratio of senior net debt to annualized EBITDA will be increased from 4.25 to 1.00 to 4.50 to 1.00 in order to provide additional headroom under the VM Credit Facility.

### ***Events of Default***

The VM Credit Facility contains certain customary events of default the occurrence of which, subject to certain exceptions and materiality qualifications, would allow the facility agent (on the instructions of the Instructing Group) to (i) cancel the total commitments, (ii) accelerate all outstanding loans and terminate their commitments thereunder and/or (iii) declare that all or part of the loans be payable on demand.

### ***Representations and Warranties***

The VM Credit Facility contains certain representations and warranties usual for facilities of this type, which are subject to exceptions and materiality qualifications.

### ***Undertakings***

The VM Credit Facility includes negative undertakings that, subject to significant exceptions, restrict the ability of the members of the Credit Group to, among other things: (i) incur or guarantee additional indebtedness; (ii) make certain disposals and acquisitions; (iii) create certain security interests; (iv) make certain restricted payments; (v) make loans and other investments; (vi) merge or consolidate with other entities; and (vii) change the nature of our business.

The VM Credit Facility also requires us to observe certain affirmative undertakings, which are subject to materiality and other exceptions. These affirmative undertakings, include, but are not limited to, undertakings related to: (i) obtaining, maintaining and complying with all necessary consents, authorizations and licenses; (ii) complying with applicable laws; (iii) maintaining the *pari passu* ranking of all payment obligations under the VM Credit Facility with present and future unsecured and unsubordinated payment obligations; (iv) maintaining insurance; and (v) maintaining and protecting intellectual property rights.

### ***Certain Definitions***

"Instructing Group" means: (a) at any time, Lenders (as defined therein) the aggregate of whose Available Commitment (as defined therein) and participations in outstanding Advances (as defined therein) exceeds 50% of the aggregate undrawn Total Commitments (as defined therein) and the outstanding Advances; and (b) notwithstanding the foregoing, for the purposes of the definition of Instructing Group in the Group Intercreditor Agreement, the Senior Finance Parties (as defined therein) representing a majority of the aggregate outstanding principal amount and undrawn uncancelled commitments under the Senior Finance Documents (as defined therein) at the relevant date of determination.

### ***Amendments to the VM Credit Facility approved by lenders under Facility D and E***

The accession agreements related to the £100.0 million term loan (“**VM Facility D**”) and the £849.4 million term loan (“**VM Facility E**”), each dated April 17, 2014, provide that the lenders under each of those term loans has consented to a series of amendments to the terms of the VM Credit Facility that are set forth in each accession agreement (the “**Credit Facility Amendments**”). The Credit Facility Amendments include, among other provisions:

- amendments to certain affirmative and negative covenants and related definitions;
- an increase in the maximum permitted ratio of senior net debt to annualized EBITDA from 4.25 to 1.00 to 4.50 to 1.00 and amendments to certain related financial definitions;
- amendments to certain events of default;
- additional provisions relating to amendments to the VM Credit Facility; and
- amendments to certain administrative provisions of the VM Credit Facility.

The effectiveness of the Credit Facility Amendments is conditioned upon Virgin Media Finance’s obtaining the consent of lenders holding a majority (and, with respect to certain amendments, all lenders affected by such amendments) of the commitments and loans outstanding under the VM Credit Facility. The commitments and loans of the lenders under Facilities D and E do not represent a majority of all commitments and loans outstanding under the VM Credit Facility, so the Credit Facility Amendments have not yet become effective. However, once the requisite level of consents of all lenders under all outstanding facilities under the VM Credit Facility, which may include consents from lenders under future term loan or revolving credit facilities, has been obtained by the Virgin Media Finance, then the Credit Facility Amendments will become effective.

### **Existing Senior Notes**

In March 2012, Virgin Media Finance issued U.S. dollar denominated 5.25% Senior Notes due 2022 with an aggregate original principal amount of \$500 million (the “**2022 VM 5.25% Dollar Senior Notes**”). Interest on the 2022 VM 5.25% Dollar Senior Notes is payable on February 15 and August 15 of each year. The 2022 VM 5.25% Dollar Senior Notes are unsecured senior obligations of Virgin Media Finance and rank *pari passu* with Virgin Media Finance’s outstanding senior notes due 2019, 2023 and 2024. The 2022 VM 5.25% Dollar Senior Notes mature on February 15, 2022 and are guaranteed on a senior basis by Virgin Media Inc., Virgin Media Group LLC, Virgin Media (UK) Group LLC and Virgin Media Communications Limited and on a senior subordinated basis by VMIH and VMIL.

As of September 30, 2014, there was an aggregate principal amount of \$95.0 million (£58.6 million) 2022 VM 5.25% Dollar Senior Notes outstanding.

In October 2012, Virgin Media Finance issued U.S. dollar denominated 4.875% senior notes due 2022 with an aggregate original principal amount of \$900 million (the “**2022 VM 4.875% Dollar Senior Notes**”) and sterling denominated 5.125% senior notes due 2022 with an aggregate original principal amount of £400 million (the “**2022 VM Sterling Senior Notes**” and together with the 2022 VM 5.25% Dollar Senior Notes, and the 2022 VM 4.875% Dollar Senior Notes, the “**2022 VM Senior Notes**”). Interest on the 2022 VM 4.875% Dollar Senior Notes and the 2022 VM Sterling Senior Notes is payable on February 15 and August 15 of each year. The 2022 VM 4.875% Dollar Senior Notes and the 2022 VM Sterling Senior Notes are unsecured senior obligations of Virgin Media Finance and rank *pari passu* with Virgin Media Finance’s 2019 VM Senior Notes and 2022 VM 5.25% Dollar Senior Notes. The 2022 VM 4.875% Dollar Senior Notes and the 2022 VM Sterling Senior Notes mature on February 15, 2022 and are guaranteed on a senior basis by Virgin Media Inc., Virgin Media Group LLC, Virgin Media (UK) Group LLC and Virgin Media Communications Limited and on a senior subordinated basis by VMIH and VMIL.

As of September 30, 2014, there was an aggregate principal amount of \$118.7 million (£73.2 million) 2022 VM 4.875% Dollar Senior Notes and £44.1 million 2022 VM Sterling Senior Notes outstanding.

In June 2013, Virgin Media Finance entered into an accession agreement among Virgin Media Finance, as acceding issuer, Lynx II Corp., as old issuer (the “**Old 2023 Senior Notes Issuer**”) and the Trustee, whereby Virgin Media Finance acceded as issuer and assumed the obligations of the Old 2023 Senior Notes Issuer under (i) the Indenture dated as of February 22, 2013, between, among others, the Old 2023 Senior Notes Issuer and the Trustee and (ii) the global notes representing the U.S. dollar denominated 6.375% Senior Notes due 2023 with an aggregate principal amount outstanding of \$530 million (the “**2023 VM Dollar Senior Notes**”) and

sterling denominated 7.0% Senior Notes due 2023 with an aggregate principal amount outstanding of £250 million (the “**2023 VM Sterling Senior Notes**” and together with the 2023 VM Dollar Senior Notes, the “**2023 VM Senior Notes**”). Interest on the 2023 VM Senior Notes is payable on April 15 and October 15 of each year. The 2023 VM Senior Notes are unsecured senior obligations of Virgin Media Finance and rank *pari passu* with Virgin Media Finance’s other Existing Senior Notes. The 2023 VM Senior Notes mature on April 15, 2023 and are guaranteed on a senior basis by Virgin Media Inc., Virgin Media Group LLC, Virgin Media (UK) Group LLC and Virgin Media Communications Limited and on a senior subordinated basis by VMIH and VMIL.

In October 2014, Virgin Media Finance issued U.S. dollar denominated 6% senior notes due 2024 with an aggregate principal amount outstanding of \$500 million (the “**2024 VM Dollar Senior Notes**”) and sterling denominated 6.375% senior notes due 2024 with an aggregate principal amount outstanding of £300 million (the “**2024 VM Sterling Senior Notes**” and together with the 2024 VM Dollar Senior Notes, the “**2024 VM Senior Notes**”). Interest on the 2024 VM Senior Notes is payable on April 15 and October 15 of each year. The 2024 VM Senior Notes are unsecured senior obligations of Virgin Media Finance. The 2024 VM Senior Notes mature on April 15, 2024 and are guaranteed on a senior basis by Virgin Media Inc., Virgin Media Group LLC, Virgin Media (UK) Group LLC and Virgin Media Communications Limited and on a senior subordinated basis by VMIH and VMIL.

The 2022 VM Senior Notes, the 2023 VM Senior Notes and the 2024 VM Senior Notes will rank *pari passu* with the Senior Notes offered hereby and will share in the same guarantees to be granted in favor of the Senior Notes offered hereby.

Subject to certain significant exceptions, the covenants in the indentures governing the 2022 VM Senior Notes, the 2023 VM Senior Notes and the 2024 VM Senior Notes contain substantially similar obligations, covenants and restrictions on the activities of the Senior Notes Issuer and certain of its subsidiaries to those to be contained in the Senior Notes Indenture and described under “*Description of the Senior Notes*”.

#### **Existing Senior Secured Notes**

On March 3, 2011, January Virgin Media Secured Finance issued U.S. dollar denominated 5.25% senior secured notes due 2021 with an aggregate original principal amount outstanding of \$500 million (the “**January 2021 VM Dollar Senior Secured Notes**”) and sterling denominated 5.50% senior secured notes due 2021 with an aggregate original principal amount outstanding of £650 million (the “**January 2021 VM Sterling Senior Secured Notes**” and together with the January 2021 VM Dollar Senior Secured Notes, the “**January 2021 VM Senior Secured Notes**”). Interest is payable on the January 2021 VM Senior Secured Notes on January 15 and July 15 each year, beginning on July 15, 2011.

As of September 30, 2014, there was an aggregate principal amount of \$441.9 million (£276.1 million) January 2021 VM Dollar Senior Secured Notes and £628.4 million January 2021 VM Sterling Senior Secured Notes outstanding.

In June 2013, Virgin Media Secured Finance entered into an accession agreement among Virgin Media Secured Finance, as acceding issuer, Lynx I Corp., as old issuer (the “**Old 2021 Senior Secured Notes Issuer**”) and the Trustee, whereby Virgin Media Secured Finance acceded as issuer and assumed the obligations of the Old 2021 Senior Secured Notes Issuer under (i) the Indenture dated as of February 22, 2013, between, among others, the Old 2021 Senior Secured Notes Issuer and the Trustee and (ii) the global notes representing the U.S. dollar denominated 5.375% Senior Secured Notes due April 2021 with an aggregate principal amount outstanding of \$1.0 billion (the “**April 2021 VM Dollar Senior Secured Notes**”) and sterling denominated 6.0% Senior Secured Notes due April 15, 2021 with an aggregate principal amount outstanding of £1.1 billion (the “**April 2021 VM Sterling Senior Secured Notes**” and together with the April 2021 VM Dollar Senior Secured Notes, the “**April VM 2021 Senior Secured Notes**”). The April VM 2021 Senior Secured Notes mature on April 15, 2021.

On March 28, 2014, Virgin Media Secured Finance issued U.S. dollar denominated 5.50% senior secured notes due 2025 with an aggregate principal amount outstanding of \$425 million (the “**2025 VM Dollar Senior Secured Notes**”), sterling denominated 5.50% senior secured notes due 2025 with an aggregate principal amount outstanding of £430 million (the “**2025 VM Sterling Senior Secured Notes**”), sterling denominated 6.25% senior secured notes due 2029 with an aggregate principal amount outstanding of £225 million (the “**Original 2029 VM Senior Secured Notes**”). On April 1, 2014, Virgin Media Secured Finance issued sterling denominated 6.25% senior secured notes due 2029 with an aggregate principal amount outstanding of £175 million (the “**Additional 2029 VM Senior Secured Notes**”, and together with the Original 2029 VM

Senior Secured Notes, the “**2029 VM Senior Secured Notes**”). Interest is payable on the 2025 VM Dollar Senior Secured Notes, 2025 VM Sterling Senior Secured Notes and 2029 VM Senior Secured Notes on January 15 and July 15 each year, beginning on January 15, 2015.

The January 2021 VM Senior Secured Notes, the April 2021 VM Senior Secured Notes, the 2025 VM Senior Secured Notes and the 2029 VM Senior Secured Notes rank *pari passu* with the Senior Secured Notes and the VM Credit Facility and, subject to certain exceptions, share in the same guarantees and security which has been granted in favor of our VM Credit Facility and will be granted in favor of the Senior Secured Notes offered hereby.

Subject to certain significant exceptions, the covenants in the indentures governing the January 2021 VM Senior Secured Notes, the April 2021 VM Senior Secured Notes, the 2025 VM Senior Secured Notes and the 2029 VM Senior Secured Notes contain substantially similar covenants, obligations and restrictions on the activities of the Senior Secured Notes Issuer, VMIH and certain of their respective affiliates and subsidiaries to those to be contained in the Senior Notes Indenture and described under “*Description of the Senior Secured Notes.*”

### **VM Convertible Notes**

In April 2008, Old Virgin Media issued \$1.0 billion (£603.6 million) principal amount of 6.50% convertible senior notes due 2016 (the “**VM Convertible Notes**”), pursuant to an indenture (as supplemented, the “**VM Convertible Notes Indenture**”). The VM Convertible Notes mature on November 15, 2016, unless the VM Convertible Notes are exchanged or repurchased prior thereto pursuant to the terms of the VM Convertible Notes Indenture.

The VM Convertible Notes are senior unsecured obligations of Virgin Media that rank equally in right of payment with all of Virgin Media’s existing and future senior and unsecured indebtedness and ranks senior in right to all of Virgin Media’s existing and future subordinated indebtedness. The VM Convertible Notes are effectively subordinated to all existing and future indebtedness and other obligations of Virgin Media’s subsidiaries. The VM Convertible Notes Indenture does not contain any financial or restrictive covenants. The VM Convertible Notes are non-callable.

The VM Convertible Notes are exchangeable under certain conditions for (subject to further adjustment as provided in the VM Convertible Notes Indenture and subject to our right to settle in cash or a combination of Liberty Global ordinary shares and cash) 13.4339 Class A ordinary shares of Liberty Global, 10.0312 Class C ordinary shares of Liberty Global and \$910.51 (£549.59) in cash (without interest) for each \$1,000 (£603.61) in principal amount of VM Convertible Notes exchanged, in each case, as of December 31, 2013. The circumstances under which the VM Convertible Notes are exchangeable are more fully described in the VM Convertible Notes Indenture, including, for example, based on the relationship of the value of the LG/VM Transaction consideration to the conversion price of the VM Convertible Notes.

As of September 30, 2014, there was an aggregate principal amount of \$54.8 million (£33.8 million) of VM Convertible Notes outstanding.

## DESCRIPTION OF THE SENIOR SECURED NOTES

Virgin Media Secured Finance PLC (the “**Issuer**”) has issued the Notes (as defined below) under the Indenture (the “**Indenture**”), dated as of the Issue Date, between, among others, the Issuer and The Bank of New York Mellon, London Branch, as trustee (the “**Trustee**”). You will find the definitions of capitalized terms not otherwise defined in this description under the heading “—*Certain Definitions*”.

For purposes of this description, references to the “**Issuer**,” refer only to Virgin Media Secured Finance PLC, and not to any of its Subsidiaries, and references to the “**Company**,” “**we**,” “**our**” and “**us**” refer only to Virgin Media Investment Holdings Limited, which will guarantee the Notes on a senior basis, and not to any of its Subsidiaries.

The Indenture is unlimited in aggregate principal amount, but the aggregate principal amount of Notes issued in this offering is limited to £300 million senior secured notes due 2025 (the “**Notes**”). The Issuer may issue an unlimited amount of additional notes having identical terms and conditions to the Notes under the Indenture (the “**Additional Notes**”). The Issuer will only be permitted to issue such Additional Notes if, at the time of such issuance, it is in compliance with the covenants contained in the Indenture. Any Additional Notes will be part of the same issue as the Notes we are currently offering and will vote on all matters with the holders of the Notes. Unless expressly stated otherwise, in this “*Description of the Senior Secured Notes*”, when we refer to the Notes, the reference includes the Notes issued on the Issue Date and any Additional Notes.

The proceeds of the offering of the Notes sold on the Issue Date will be used by the Issuer for (i) general corporate purposes, which may include the funding of potential acquisitions, including, if consummated, the UPC Ireland Acquisition, and distributions to the Issuer’s direct and indirect parent companies and (ii) to pay fees and expenses incurred in connection with the issuance of the Notes as set forth in this listing particulars under the caption “*Use of Proceeds*.”

The Issuer has applied to list the Notes on the Official List of the Luxembourg Stock Exchange and to trade on the Euro MTF of the Luxembourg Stock Exchange (the “**Euro MTF**”).

This “*Description of the Senior Secured Notes*” is intended to be a useful overview of the material provisions of the Notes, the Indenture and the Security Documents. As this “*Description of the Senior Secured Notes*” is only a summary, you should refer to the Indenture and the Security Documents for a complete description of the obligations of the Issuer and your rights. Copies of the Indenture and the Security Documents are available as set forth under “*Listing and General Information*.”

### General

#### *The Notes*

The Notes will mature on January 15, 2025 and will initially be guaranteed by the Guarantors (as defined below) and secured by the assets and security interests described below under “—*Ranking of the Notes, Note Guarantees and Security*.”

The Issuer has issued the Notes in minimum denominations of £100,000 and integral multiples of £1,000 in excess thereof.

#### *Interest*

Interest on the Notes will accrue at the rate of 5.125% *per annum* and will be payable semi-annually in arrears on January 15 and July 15, commencing on July 15, 2015. Interest on the Notes will accrue from the Issue Date. The Issuer will make each interest payment to the holders of record of the Notes on the immediately preceding January 1 and July 1. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

#### *Payments on the Notes*

Principal, premium, if any, interest, and Additional Amounts (as defined under “—*Withholding Taxes*”), if any, on the Global Notes (as defined under “—*Transfer and Exchange*”) will be payable, and the Global Notes may be exchanged or transferred, at the corporate trust office or agency of the Trustee in London, England except that, at the option of the Issuer, payment of interest may be made by check mailed to the address of the holders of the Notes as such address appears in the Note register. Payments on the Global Notes will be made to the common depositary or its nominee as the registered holder of the Global Notes.

The rights of holders to receive the payments of principal, premium, if any, interest, and Additional Amounts, if any, on such Global Notes are subject to applicable procedures of Euroclear and Clearstream (each as defined under “—*Transfer and Exchange*”). The Issuer will pay interest on the Notes to Persons who are registered holders at the close of business on the record date immediately preceding the interest payment date for such interest. Such holders must surrender their Notes to a Paying Agent to collect principal payments.

Principal, premium, if any, interest, and Additional Amounts, if any, on the Notes issued in certificated non-global form (“**Definitive Registered Notes**”) will be payable at the office of the Paying Agent in London, England, except that, at the option of the Issuer, payment of interest may be made by check mailed to the address of the holders of Definitive Registered Notes as such address appears in the register for Definitive Registered Notes. The Issuer will pay interest on Definitive Registered Notes to persons who are registered holders at the close of business on the record date immediately preceding the interest payment date for such interest. Such holders must surrender their Definitive Registered Notes to a Paying Agent to collect principal payments.

If the due date for any payment in respect of any Notes is not a Business Day at the place at which such payment is due to be paid, the holders thereof will not be entitled to payment of the amount due until the next succeeding Business Day at such place, and will not be entitled to any further interest or other payment as a result of any such delay.

### ***Paying Agent and Registrar***

The Issuer will maintain one or more paying agents (each, a “**Paying Agent**”) for the Notes in London. The Bank of New York Mellon, London Branch, will initially act as Paying Agent in London.

The Issuer will also maintain one or more registrars (each, a “**Registrar**”) for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market and the rules of the Luxembourg Stock Exchange so require. The Issuer will also maintain a transfer agent. The initial Registrar for the Notes will be The Bank of New York Mellon (Luxembourg) S.A. in Luxembourg. The initial transfer agent with respect to the Notes will be The Bank of New York Mellon, London Branch. The Registrar will maintain a register on behalf of the Issuer for so long as the Notes remain outstanding reflecting ownership of Definitive Registered Notes outstanding from time to time. The Paying Agents will make payments on, and the transfer agents will facilitate transfer of, Definitive Registered Notes on behalf of the Issuer. In the event that the Notes are no longer listed, the Issuer or its agent will maintain a register reflecting ownership of the Notes.

The Issuer may change a Paying Agent, Registrar or transfer agent for the Notes without prior notice to the holders of Notes, and the Issuer may act as Paying Agent, Registrar or transfer agent for the Notes. In the event that a Paying Agent, Registrar or transfer agent is replaced, the Issuer will provide notice thereof in accordance with the procedures described under “—*Notices*.”

In addition, the Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the European Council of Economics and Finance Ministers (“**ECOFIN**”) meeting of November 26-27, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive.

### ***Transfer and Exchange***

The Notes have been issued in the form of several registered notes in global form, without interest coupons, as follows:

- Each series of Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the “**144A Global Notes**”). The 144A Global Notes, will, on the Issue Date, be deposited with the common depository for the accounts of Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking, *société anonyme* (“**Clearstream**”) and registered in the name of a nominee of the common depository.
- Each series of Notes sold outside the United States pursuant to Regulation S under the Securities Act will initially be represented by temporary notes in registered, global form without interest coupons (the “**Regulation S Temporary Global Notes**”). The Regulation S Temporary Global Notes will, on the Issue Date, be deposited with the common depository for the accounts of

Euroclear and Clearstream and registered in the name of a nominee of the common depository. Through and including the 40<sup>th</sup> day after the closing of this offering (such period, through and including such 40<sup>th</sup> day, the “distribution compliance period” as defined in Regulation S), beneficial interests in the Regulation S Temporary Global Notes may be held only through Euroclear and Clearstream unless transferred to a person that takes delivery through a 144A Global Note in accordance with the certification requirements described under “*Book-Entry Settlement and Clearance—Transfers.*” After the expiration of the distribution compliance period, the Regulation S Temporary Global Notes will be exchanged for one or more permanent notes in registered, global form without interest coupons (the “**Regulation S Permanent Global Notes**” and, together with the Regulation S Temporary Global Notes, the “**Regulation S Global Notes**”, and together with the 144A Global Notes, the “**Global Notes**”) as provided in the Indenture. The term “**Regulation S Global Notes**” as used herein shall refer to either Regulation S Temporary Global Notes or the Regulation S Permanent Global Notes, as the context requires.

Ownership of interests in the Global Notes (“**Book-Entry Interests**”) will be limited to persons that have accounts with Euroclear or Clearstream, as applicable, or persons that may hold interests through such participants. Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under “*Transfer Restrictions.*” In addition, transfers of Book-Entry Interests between participants in Euroclear or participants in Clearstream will be effected by Euroclear or Clearstream, as applicable, pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream, as applicable, and their respective participants.

Book-Entry Interests in the 144A Global Notes may be transferred to a person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Notes denominated in the same currency only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the Securities Act.

Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of 144A Book-Entry Interests only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a “qualified institutional buyer” within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under “*Transfer Restrictions*” and in accordance with any applicable securities law of any other jurisdiction.

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred.

Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of £100,000 principal amount and integral multiples of £1,000 in excess thereof upon receipt by the Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, as applicable, from the participant which owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer to be in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under “*Transfer Restrictions.*”

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of £100,000 in principal amount and integral multiples of £1,000 in excess thereof. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging holder to, among other things, furnish appropriate endorsements and transfer documents, to furnish information regarding the account of the transferee at Euroclear or Clearstream where appropriate, to furnish certain certificates and opinions, and to pay any taxes, duties and governmental charges in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the holder, other than any taxes, duties and governmental charges payable in connection with such transfer.

Notwithstanding the foregoing, the Issuer is not required to register the transfer of any Definitive Registered Note in registered form:

- (1) for a period of 15 calendar days prior to any date fixed for the redemption of the Notes;
- (2) for a period of 15 calendar days immediately prior to the date fixed for selection of Notes to be redeemed in part;
- (3) for a payment period of 15 calendar days prior to the record date with respect to any interest payment date; or
- (4) that the registered holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Disposition Offer.

The Issuer, the Trustee and the Paying Agents will be entitled to treat the registered holder as the owner of it for all purposes.

## **Ranking of the Notes, Note Guarantees and Security**

### ***General***

The Notes:

- are general senior obligations of the Issuer;
- rank *pari passu* in right of payment with any existing and future Indebtedness of the Issuer that is not subordinated to the Notes (including any Additional Notes, the Existing Senior Secured Notes and the guarantee of the obligations under the Senior Credit Facility);
- rank senior in right of payment to any existing and future Subordinated Obligations of the Issuer;
- are guaranteed by the Guarantors as described under “—*Note Guarantees*”;
- have the benefit of security as described below under “—*Security*”; and
- are effectively subordinated to any existing and future Indebtedness of the Issuer that is secured by Liens senior to the Liens securing the Notes, or secured by property and assets that do not secure the Notes, to the extent of the value of the property and assets securing such Indebtedness.

The Issuer is a finance subsidiary of the Company with no significant assets of its own other than its intercompany loans to the Company or any other Parent advancing the proceeds of the offering of the Existing Senior Secured Notes and the Notes.

### ***Other Indebtedness***

As of September 30, 2014, on an as-adjusted basis after giving effect to the issuance of the Notes and the application of the proceeds thereof, the Company and the Restricted Subsidiaries would have had outstanding £7,046.3 million (equivalent) aggregate principal amount of Indebtedness (excluding subordinated guarantees of the Existing Senior Notes and the Senior Notes). The Issuer and the Guarantors represent more than 75% of the consolidated total assets as of September 30, 2014 and more than 90% of the consolidated revenue of the Virgin Group for the nine-month period ended September 30, 2014.

### ***Note Guarantees***

#### ***General***

On the Issue Date, each Subsidiary Guarantor will, jointly and severally, irrevocably guarantee (the “**Subsidiary Guarantees**”), as primary obligors and not merely as sureties, on a senior basis the full and punctual payment when due, whether at Stated Maturity, by acceleration or otherwise, all payment obligations of the Issuer under the Indenture and the Notes, whether for payment of principal of or interest on or in respect of the Notes, fees, expenses, indemnification or otherwise. In addition, Virgin Media, the Company and Virgin Media Finance (the “**Parent Guarantors**” and together with the Subsidiary Guarantors, the “**Guarantors**”) will, jointly and severally, irrevocably guarantee (the “**Parent Guarantees**,” and together with the Subsidiary Guarantees, the “**Note Guarantees**”), as primary obligors and not merely as sureties, on a senior basis the full and punctual payment when due, whether at Stated Maturity, by acceleration or otherwise, all payment obligations of the Issuer under the Indenture and the Notes, whether for payment of principal of or interest on or in respect of the Notes, fees, expenses, indemnification or otherwise.



The Note Guarantee of each Guarantor will be a general obligation of that Guarantor and will:

- rank *pari passu* in right of payment with any existing and future indebtedness of that Guarantor that is not subordinated to such Guarantor's Note Guarantee (including, if such Note Guarantee is given by Virgin Media Finance, *pari passu* to the obligations of Virgin Media Finance under the Senior Notes and the Existing Senior Notes);
- rank senior in right of payment to any existing and future subordinated obligations of such Guarantor (and if such Note Guarantee is given by a subsidiary of Virgin Media Finance (such subsidiaries being the Company and Virgin Media Investments Limited as of the Issue Date), senior to the senior subordinated guarantee given by such Guarantor in favor of the Senior Notes and the Existing Senior Notes);
- have the benefit of security as described below under "*—Security*";
- be effectively subordinated to any existing and future Indebtedness of such Guarantor that is secured by Liens senior to the Liens securing such Guarantor's Note Guarantee or secured by property and assets that do not secure such Guarantor's Note Guarantee, to the extent of the value of the property and assets securing such Indebtedness; and
- be effectively subordinated to any Indebtedness of any Subsidiary of the Company or any Restricted Subsidiary that is not a Guarantor.

The obligations of a Guarantor under its Note Guarantee will be limited as necessary to prevent the relevant Note Guarantee from constituting a fraudulent conveyance under applicable law, or otherwise to reflect limitations under applicable law.

Virgin Media Investments Limited and the Company are guarantors of the Senior Notes and the Existing Senior Notes on a senior subordinated basis.

#### *Additional Parent Guarantees*

From time to time, a Parent may be designated as an additional Parent Guarantor of the Notes (an "**Additional Parent Guarantor**") by causing it to execute and deliver to the Trustee a supplemental indenture in the form attached to the Indenture, pursuant to which such Parent will become a Parent Guarantor.

Each Additional Parent Guarantor will, jointly and severally, with the Parent Guarantors and each other Additional Parent Guarantor, irrevocably guarantee (each guarantee, an "**Additional Parent Guarantee**"), as primary obligor and not merely as surety, on a senior basis the full and punctual payment when due, whether at Stated Maturity, by acceleration or otherwise, of all payment obligations of the Issuer under the Indenture and the Notes, whether for payment of principal of or interest on or in respect of the Notes, fees, expenses, indemnification or otherwise. The obligations of any Additional Parent Guarantor will be contractually limited under its Additional Parent Guarantee to prevent the relevant Additional Parent Guarantee from constituting a fraudulent conveyance under applicable law, or otherwise to reflect limitations under applicable law. Any Additional Parent Guarantee shall be issued on substantially the same terms as the Parent Guarantees. For purposes of the Indenture and this "*Description of the Senior Secured Notes*," references to the Parent Guarantees include references to any Additional Parent Guarantees and references to the Guarantors include references to any Additional Parent Guarantors.

#### *Additional Subsidiary Guarantees*

The Company may from time to time designate a Restricted Subsidiary as an additional guarantor of the Notes (an "**Additional Guarantor**") by causing it to execute and deliver to the Trustee a supplemental indenture in the form attached to the Indenture, pursuant to which such Restricted Subsidiary will become a Guarantor. See "*Certain Covenants—Limitation on Issuances of Guarantees of Indebtedness by Restricted Subsidiaries*."

Each Additional Guarantor will, jointly and severally, with the Guarantors and each other Additional Guarantor, irrevocably guarantee (each guarantee, an "**Additional Subsidiary Guarantee**"), as primary obligor and not merely as surety, on a senior basis the full and punctual payment when due, whether at Stated Maturity, by acceleration or otherwise, of all payment obligations of the Issuer under the Indenture and the Notes, whether for payment of principal of or interest on or in respect of the Notes, fees, expenses, indemnification or otherwise. The obligations of any Additional Guarantor will be contractually limited under its Additional Subsidiary Guarantee to prevent the relevant Additional Subsidiary Guarantee from constituting a fraudulent conveyance under applicable law, or otherwise to reflect limitations under applicable law. Any Additional

Subsidiary Guarantee shall be issued on substantially the same terms as the Subsidiary Guarantees. For purposes of the Indenture and this “*Description of the Senior Secured Notes*,” references to the Subsidiary Guarantees include references to any Additional Subsidiary Guarantees and references to the Guarantors include references to any Additional Guarantors.

#### *Releases*

A Note Guarantee will be automatically and unconditionally released:

- (1) in the case of a Subsidiary Guarantee, upon the sale or other disposition of all or substantially all the Capital Stock of the relevant Subsidiary Guarantor pursuant to an Enforcement Sale as provided for in the Group Intercreditor Deed or as otherwise provided for under the Group Intercreditor Deed. See “*Description of the Intercreditor Deeds—Group Intercreditor Deed—Release of Collateral*.”;
- (2) in the case of a Subsidiary Guarantee, upon the sale or other disposition (including through merger or consolidation but other than pursuant to an Enforcement Sale) in compliance with the Indenture of the Capital Stock of the relevant Subsidiary Guarantor (whether directly or through the disposition of a parent thereof), following which such Subsidiary Guarantor is no longer a Restricted Subsidiary (other than a sale or other disposition to the Issuer or any of the Restricted Subsidiaries);
- (3) in the case of a Parent Guarantee, pursuant to an Enforcement Sale as provided for in the Group Intercreditor Deed or as otherwise provided for under the Group Intercreditor Deed. See “*Description of the Intercreditor Deeds—Group Intercreditor Deed—Release of Collateral*.”;
- (4) in the case of any Note Guarantee of a Released Entity (as defined below), pursuant to the Post-Closing Reorganization (as defined below); provided that (i) such Released Entity is also released or discharged from such Released Entity’s guarantee of Indebtedness of the Company and the Subsidiary Guarantors under the Senior Credit Facility and any Pari Passu Lien Obligation and (ii) the New Immediate Holdco provides a guarantee of the Notes on substantially the same terms as the Parent Guarantee provided by Virgin Media prior to the Post-Closing Reorganization;
- (5) in the case of any Note Guarantee of a Parent that ceases to be a Parent of Virgin Media Communications;
- (6) in the case of a Guarantor that is prohibited or restricted by applicable Law from guaranteeing the Notes;
- (7) upon the legal defeasance, covenant defeasance or satisfaction and discharge of the Notes and the Indenture as provided in “*—Defeasance*” or “*—Satisfaction and Discharge*,” in each case in accordance with the terms and conditions of the Indenture;
- (8) with respect to an Additional Subsidiary Guarantee given under the covenant captioned “*—Certain Covenants—Limitation on Issuances of Guarantees of Indebtedness by Restricted Subsidiaries*,” upon release of the guarantee that gave rise to the requirement to issue such Additional Subsidiary Guarantee so long as no Event of Default would arise as a result and no other Indebtedness that would give rise to an obligation to give an Additional Subsidiary Guarantee is at that time guaranteed by the relevant Subsidiary Guarantor;
- (9) with respect to Subsidiary Guarantors only, upon the release or discharge of such Subsidiary Guarantor from its guarantee of Indebtedness of the Company and the Subsidiary Guarantors under the Senior Credit Facility or any Pari Passu Lien Obligation (including by reason of the termination of the Senior Credit Facility or any Pari Passu Lien Obligation) and/or the guarantee that resulted in the obligation of such Subsidiary Guarantor to guarantee the Notes, if such Subsidiary Guarantor would not then otherwise be required to guarantee the Notes pursuant to the Indenture (and treating any guarantees of such Subsidiary Guarantor that remain outstanding as Incurred at least 30 days prior to such release or discharge), except a discharge or release by or as a result of payment under such guarantee;
- (10) in the case of a Subsidiary Guarantor, if such Subsidiary Guarantor is designated as an Unrestricted Subsidiary in compliance with the covenant entitled “*—Certain Covenants—Limitation on Restricted Payments*”;
- (11) as a result of a transaction permitted by, and in compliance with, the covenant entitled “*—Certain Covenants—Merger and Consolidation*”;
- (12) as described under “*—Amendments and Waivers*”; or

- (13) upon the full and final payment and performance of all obligations of the Issuer and the Guarantors under the Indenture and the Notes.

Notwithstanding any of the foregoing, in all circumstances a Note Guarantee shall only be released if (a) the relevant Guarantor has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for in the Indenture relating to such transaction have been complied with and (b) such Guarantor is released from its guarantees of the Senior Credit Facility, the Existing Senior Secured Notes, and the Existing Senior Notes, as applicable.

The Trustee shall take all necessary actions, including the granting of releases or waivers under the Intercreditor Deeds or any Additional Intercreditor Deed, to effectuate any release in accordance with these provisions, subject to customary protections and indemnifications.

## **Security**

### *General*

The Notes and the Note Guarantees will be secured by Liens on substantially all of the assets of the Company, the Issuer and each of the Guarantors (except for Virgin Media and other than Excluded Assets), being substantially the same assets as those on which Liens have been granted in respect of the Indebtedness under the Senior Credit Facility, the Existing Senior Secured Notes, certain Hedging Obligations related thereto, and certain future Indebtedness that is secured by a Lien (subject to any Permitted Liens) and will share in any enforcement proceeds on a *pari passu* basis therewith. The agreements to be entered into between, *inter alios*, the Security Trustee, the Issuer and the other Grantors pursuant to which security interests in the Collateral are granted to secure the Notes and the Note Guarantees from time to time are referred to as the "**Security Documents.**"

Any other additional security interests that may in the future be pledged to secure obligations under the Notes and the Indenture would also constitute Collateral.

Subject to certain conditions, including compliance with the covenant described under "*Certain Covenants—Impairment of Security Interests,*" the Company and the Restricted Subsidiaries are permitted to pledge the Collateral in connection with certain future issuances of Indebtedness, including any Additional Notes, in each case permitted under the Indenture and on terms consistent with the relative priority of such Indebtedness. In addition to the release provisions described below, the Liens over the Collateral will cease to exist by operation of law or will be released, depending on the type of security interest, upon the defeasance or discharge of the Notes as provided in "*—Defeasance*" or "*—Satisfaction and Discharge,*" in each case in accordance with the terms and conditions of the Indenture.

The Liens over some or all of the Collateral may also be released in circumstances described under "*—Releases.*"

No appraisals of any of the Collateral have been prepared by or on behalf of the Company, the Issuer or any other Guarantor in connection with the issuance of the Notes. There can be no assurance that the proceeds from the sale of the Collateral remaining after sharing with other creditors entitled to share in such proceeds would be sufficient to satisfy the obligations owed to the holders of the Notes. By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, there can be no assurance that the Collateral will be able to be sold in a short period of time, if at all. In addition, the Group Intercreditor Deed places limitations on the ability of the Security Trustee to enforce the Collateral. See "*Description of the Intercreditor Deeds—Group Intercreditor Deed.*" Each Holder will be deemed to have irrevocably appointed the Security Trustee to act as its agent and security trustee under the Intercreditor Deeds and the Security Documents.

The Trustee, acting on behalf of the holders of the Notes, will accede to the Group Intercreditor Deed. The Indenture will also provide that each holder, by accepting a Note, shall be deemed to have agreed to and accepted the terms and conditions of the Group Intercreditor Deed and any Additional Intercreditor Deed (whether then entered into or entered into in the future pursuant to the provisions described herein) and to have directed the Trustee to enter into such Deeds.

The creditors under the Senior Credit Facility, the trustees under the Existing Senior Secured Notes and the Existing Senior Notes, the counterparties to the Hedging Obligations secured by the Collateral and the Trustee have, and by accepting a Note, each holder will be deemed to have, irrevocably appointed the Security Trustee to act as its agent and security trustee under the Intercreditor Deeds, any Additional Intercreditor Deed

and the Security Documents. The creditors under the Senior Credit Facility, the trustees under the Existing Senior Secured Notes and the Existing Senior Notes, the counterparties to the Hedging Obligations secured by the Collateral and the Trustee have, and by accepting a Note, each holder will be deemed to have, irrevocably authorized the Security Trustee to (i) perform the duties and exercise the rights, powers and discretions that are specifically given to it under the Intercreditor Deeds, any Additional Intercreditor Deed or the Security Documents, together with any other incidental rights, power and discretions; and (ii) execute each Security Document, waiver, modification, amendment, renewal or replacement expressed to be executed by the Security Trustee on its behalf.

#### *Priority*

The relative priority among (a) the lenders under the Senior Credit Facility, (b) the counterparties under certain Hedging Obligations secured by the Collateral, (c) the holders of the Existing Senior Secured Notes and (d) the Trustee and the holders under the Indenture with respect to the security interest in the Collateral that is created by the Security Documents and secures obligations under the Notes or the Note Guarantees and the Indenture is established by the terms of the Intercreditor Deeds. See “*Description of the Intercreditor Deeds.*” In addition, pursuant to any Additional Intercreditor Deeds entered into after the Closing Date in compliance with the Indenture, the Collateral may be pledged to secure other Indebtedness. See “*—Certain Covenants—Impairment of Security Interests.*”

#### *Security Documents*

The Company, the Issuer, Virgin Media Finance and the Subsidiary Guarantors and, in each case, the Security Trustee have entered into Security Documents specifying the terms of the Liens that secure the obligations under the Notes and the Note Guarantees. Subject to the terms of, and limitations under, the Security Documents, these security interests will secure the payment and performance when due of the obligations of the Issuer and the relevant Guarantors under the Notes, the Note Guarantees, the Indenture and the Security Documents.

Each Security Document is governed by the laws of England, New York, or Scotland. The Security Documents provide that the rights thereunder must be exercised by the Security Trustee. Since the holders are not parties to the Security Documents, they may not, individually or collectively, take any direct action to enforce any rights in their favor under the Security Documents. The holders may only act by instructing the Trustee to act through the Security Trustee.

Subject to the terms of the Indenture and the Security Documents, the Issuer and the Guarantors will have the right to remain in possession and retain exclusive control of the Collateral securing the Notes and the Note Guarantees, to freely operate the Collateral and to collect, invest and dispose of any income therefrom.

#### *Limitations on the Collateral*

The Liens will be limited as necessary to recognize certain defenses generally available to providers of Liens (including those that relate to fraudulent conveyance or transfer, thin capitalization, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law. See “*Risk Factors—Risks relating to the Senior Secured Notes and Senior Notes—Insolvency Laws and other limitations on the Guarantees may adversely affect their validity and enforceability.*”

#### *Security Trustee*

The lenders under the Senior Credit Facility and the Existing Senior Secured Notes, counterparties to certain secured Hedging Obligations and the Trustee have and, by accepting a Note, each Holder will be deemed to have (i) irrevocably appointed the Security Trustee to act as its agent and security trustee under the Group Intercreditor Deed and the Security Documents and (ii) irrevocably authorized the Security Trustee to (A) perform the duties and exercise the rights, powers and discretions that are specifically given to it under the Group Intercreditor Deed or the Security Documents, together with any other incidental rights, power and discretions; and (B) execute each Security Document, waiver, modification, amendment, renewal or replacement expressed to be executed by the Security Trustee on its behalf.

For a description of the authority and function of the Security Trustee, see “*Description of the Intercreditor Deeds—Group Intercreditor Deed—Security Trustee Authorization.*”

### *Enforcement of Security Interest*

The ability of the Security Trustee to enforce the Liens is restricted by the terms of the Group Intercreditor Deed and will be at the discretion of the lenders and/or holders representing a majority of all outstanding amounts under the Senior Credit Facility, the Existing Senior Secured Notes and the Notes, until certain conditions are met. See “*Description of the Intercreditor Deeds—Group Intercreditor Deed—Instructing Party.*” The ability of the Security Trustee to enforce the Liens may also be restricted by similar arrangements in relation to future Indebtedness that is secured by the Collateral in compliance with the Indenture.

Similar provisions may be included in any Additional Intercreditor Deed entered into in compliance with “*—Certain Covenants—Intercreditor Deeds; Additional Intercreditor Deed.*”

### *Releases*

The security interests created by the relevant Security Documents will be automatically and unconditionally released:

- (1) in the event of a sale or disposition (including through merger or consolidation but other than pursuant to an Enforcement Sale) of assets included in the Collateral to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary, *provided* that such sale or disposition is in compliance with the Indenture, including but not limited to the provisions described under “*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock,*” or in connection with any other release of a Restricted Subsidiary from its obligations as a Subsidiary Guarantor permitted under the Indenture;
- (2) if such Collateral is the Capital Stock of, or an asset of, a Subsidiary Guarantor or any of its Subsidiaries, in connection with any sale or other disposition of Capital Stock of that Guarantor to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary, *provided* that such sale or asset disposition is in compliance with the Indenture, including but not limited to the provisions described under “*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock;*”
- (3) if the applicable Subsidiary of which such Capital Stock or assets are pledged or assigned is designated as an Unrestricted Subsidiary in compliance with the covenant entitled “*—Certain Covenants—Limitation on Restricted Payments;*”
- (4) to release and/or re-take any Lien on any Collateral to the extent otherwise permitted by the terms of the Indenture (including, without limitation as may be permitted by the covenants described under “*—Certain Covenants—Impairment of Security Interests;*”);
- (5) following a Default under the Indenture or a default under any other Indebtedness secured by the Collateral, pursuant to an Enforcement Sale (see “*Description of the Intercreditor Deeds—Group Intercreditor Deed—Release of Collateral;*”);
- (6) as described under “*—Amendments and Waivers;*”;
- (7) upon the full and final payment and performance of all obligations of the Issuer and the Guarantors under the Indenture and the Notes; or
- (8) with the consent of holders of at least 75% in aggregate principal amount of the Notes (including, without limitation, consents obtained in connection with a tender offer or exchange offer for, or purchase of, the Notes);
- (9) if such Collateral is Capital Stock of, or an asset of, the Company or any other Restricted Subsidiary (other than the Capital Stock of the Company and the Issuer); *provided* that any other Lien on such Collateral that secures the Senior Credit Facility or any Pari Passu Lien Obligation, is simultaneously released; and
- (10) if the Collateral is owned by a Guarantor that is released from its Note Guarantee in accordance with the Indenture.

In addition, the security interests created by the Security Documents will be released in accordance with the Security Documents, the Group Intercreditor Deed or any Additional Intercreditor Deed. The security interests will also be released upon the defeasance or discharge of the Notes as provided in “*—Defeasance*” or “*—Satisfaction and Discharge,*” in each case, in accordance with the terms and conditions of the Indenture.

Upon certification by the Issuer, the Trustee and the Security Trustee shall take all necessary actions, including the granting of releases or waivers under the Group Intercreditor Deed and any Additional

Intercreditor Deed, to effectuate any release in accordance with these provisions, subject to customary protections and indemnifications. The Security Trustee and/or Trustee (as applicable) will agree to any release of the security interests created by the Security Documents that is in accordance with the Indenture, the Security Documents, the Group Intercreditor Deed and any Additional Intercreditor Deed without requiring any consent of the holders.

## Optional Redemption

### *Special Optional Redemption*

At any time on or prior to the earlier of (i) the date that is 15 days following the consummation of the UPC Ireland Acquisition (or if such date is not a Business Day, the following Business Day) or (ii) the date that is six months from the Issue Date (or if such date is not a Business Day, the following Business Day) (the “**Special Optional Redemption Election Date**”), the Issuer may, at its option, elect to redeem all or a portion of the Notes (the “**Special Optional Redemption**”) at a redemption price (the “**Special Optional Redemption Price**”) equal to 100% of the principal amount of the Notes redeemed, plus accrued but unpaid interest and Additional Amounts, if any, to the Special Optional Redemption Date (as defined below) (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date). Notice of the Special Optional Redemption will be mailed or delivered to the Trustee (with an instruction to the Trustee to deliver the same to each holder of the Notes) by the Issuer on or prior to the Special Optional Redemption Election Date, and will provide that the Notes shall be redeemed on a date that is no later than the tenth Business Day after such notice is mailed or delivered, which for the avoidance of doubt, may be following the Special Optional Redemption Election Date (the “**Special Optional Redemption Date**”). On the Special Optional Redemption Date, the Issuer shall pay to the Paying Agent for payment to each holder the Special Optional Redemption Price for such holder’s Notes. Any such Special Optional Redemption and notice may, in the Issuer’s discretion, be subject to satisfaction of one or more conditions precedent.

If the Special Optional Redemption Date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest, if any, will be paid to the Person in whose name the Note is registered at the close of business on such record date and no additional interest will be payable to holders whose Notes will be subject to redemption by the Issuer.

### *Optional Redemption on or after January 15, 2020*

Except as described above under “—*Special Optional Redemption*” and below under “—*Optional Redemption prior to January 15, 2020*” and “—*Redemption for Taxation Reasons*,” the Notes are not redeemable until January 15, 2020. On or after January 15, 2020, the Issuer may redeem all, or from time to time a part, of the Notes upon not less than 10 nor more than 60 days’ notice, at the following redemption prices (expressed as a percentage of principal amount) plus accrued and unpaid interest and Additional Amounts, if any, to the applicable redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the twelve-month period commencing on January 15 of the years set out below:

<u>Year</u>	<u>Redemption Price</u>
2020.....	102.563%
2021.....	101.708%
2022.....	100.854%
2023 and thereafter.....	100.000%

In each case above, any such redemption and notice may, in the Issuer’s discretion, be subject to satisfaction of one or more conditions precedent.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest, if any, will be paid to the Person in whose name the Note is registered at the close of business on such record date and no additional interest will be payable to holders whose Notes will be subject to redemption by the Issuer.

### *Optional Redemption prior to January 15, 2020*

Prior to January 15, 2020, the Issuer may redeem during each 12 month period commencing with the Issue Date up to 10% of the original aggregate principal amount of the Notes outstanding at its option, from time to time, upon not less than 10 nor more than 60 days’ prior notice, at a redemption price equal to 103% of the

principal amount of the Notes redeemed, plus accrued and unpaid interest and Additional Amounts, if any, to, the applicable redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

At any time prior to January 15, 2020, the Issuer may also redeem all, or from time to time a part, of the Notes upon not less than 10 nor more than 60 days' notice, at a price equal to 100% of the principal amount thereof plus the Applicable Premium as of, and accrued but unpaid interest and Additional Amounts, if any, to, the applicable redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

In each case above, any such redemption and notice may, in the Issuer's discretion, be subject to satisfaction of one or more conditions precedent.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest, if any, will be paid to the Person in whose name the Note is registered at the close of business on such record date and no additional interest will be payable to holders whose Notes will be subject to redemption by the Issuer.

### ***Optional Redemption upon Equity Offerings***

At any time, or from time to time, prior to January 15, 2018, the Issuer may, at its option, use the Net Cash Proceeds of one or more Equity Offerings to redeem, upon not less than 10 nor more than 60 days' notice, up to 40% of the principal amount of the Notes issued under the Indenture (including the principal amount of any Additional Notes) at a redemption price of 105.125% of the principal amount of the Notes redeemed, plus accrued and unpaid interest and Additional Amounts, if any, to the date of redemption (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided that*:

- (1) at least 50% of the principal amount of the Notes (which includes Additional Notes, if any) issued under the Indenture remains outstanding immediately after any such redemption; and
- (2) the Issuer makes such redemption not more than 180 days after the consummation of any such Equity Offering.

In each case above, any such redemption and notice may, in the Issuer's discretion, be subject to satisfaction of one or more conditions precedent.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest, if any, will be paid to the Person in whose name the Note is registered at the close of business on such record date and no additional interest will be payable to holders whose Notes will be subject to redemption by the Issuer.

### ***Selection and Notice***

In the case of any partial redemption, selection of the Notes for redemption will be made by the Trustee on a pro rata basis (or, in the case of Notes issued in global form, based on the procedures of the applicable depository) unless otherwise required by law or applicable stock exchange or depository requirements, although no Notes of £100,000 or less can be redeemed in part. The Trustee will not be liable for selections made by it in accordance with this paragraph. If any Note is to be redeemed in part only, the notice of redemption relating to such Note will state the portion of the principal amount thereof to be redeemed. A new Note in principal amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original Note.

For Notes which are represented by Global Notes held on behalf of Euroclear or Clearstream, notices may be given by delivery of the relevant notices to Euroclear or Clearstream for communication to entitled account holders in substitution for the aforesaid mailing.

### ***Redemption for Taxation Reasons***

The Issuer may redeem the Notes in whole, but not in part, at any time upon giving not less than 10 nor more than 60 days' notice to the holders of the Notes (which notice will be irrevocable) at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed for redemption (a "**Tax Redemption Date**") (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), and Additional Amounts (as defined

under “—*Withholding Taxes*”), if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise, if the Issuer determines that, as a result of:

- (1) any change in, or amendment to, the law or treaties (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined under “—*Withholding Taxes*”) affecting taxation; or
- (2) any change in position regarding the application, administration or interpretation of such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction) (each of the foregoing in clauses (1) and (2), a “**Change in Tax Law**”),

the Issuer is, or on the next interest payment date in respect of the Notes would be, required to pay more than *de minimis* Additional Amounts, and such obligation cannot be avoided by taking reasonable measures available to it (including, without limitation, by appointing a new or additional paying agent in another jurisdiction). The Change in Tax Law must become effective on or after the date of this listing particulars. In the case of a successor to the Issuer, the Change in Tax Law must become effective after the date that such entity first makes payment on the Notes. Notice of redemption for taxation reasons will be published in accordance with the procedures described in the Indenture as described under “—*Notices*”. Notwithstanding the foregoing, no such notice of redemption will be given (a) earlier than 90 days prior to the earliest date on which the Payor would be obliged to make such payment of Additional Amounts and (b) unless at the time such notice is given, such obligation to pay such Additional Amounts remains in effect. Prior to the publication, delivery or mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuer will deliver to the Trustee (a) an Officer’s Certificate stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to its right to so redeem have been satisfied and that it cannot avoid the obligations to pay Additional Amounts by taking reasonable measures available to it; and (b) an opinion of an independent tax counsel reasonably satisfactory to the Trustee to the effect that the circumstances referred to above exist. The Trustee will accept such Officer’s Certificate and opinion as sufficient evidence of the existence of satisfaction of the conditions precedent as described above, in which event it will be conclusive and binding on the holders of the Notes.

The foregoing provisions will apply *mutatis mutandis* to any successor to the Issuer after such successor person becomes a party to the Indenture.

### **Redemption at Maturity**

On January 15, 2025, the Issuer will redeem the Notes that have not been previously redeemed or purchased and cancelled at 100% of their principal amount plus accrued and unpaid interest thereon, if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

### **Withholding Taxes**

All payments made by the Issuer, any Guarantor or any successor thereto (a “**Payor**”) on the Notes (including any Note Guarantee for the purposes of this covenant) will be made without withholding or deduction for, or on account of, any present or future taxes (including interest penalties to the extent resulting from a failure by the Issuer to timely pay amounts due), duties, assessments or governmental charges of whatever nature (“**Taxes**”) unless the withholding or deduction of such Taxes is then required by law or by the official interpretation or administration thereof. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of:

- (1) the government of the United Kingdom or any political subdivision or governmental authority thereof or therein having power to tax;
- (2) any jurisdiction from or through which payment on the Notes is made, or any political subdivision or governmental authority thereof or therein having the power to tax; or
- (3) any other jurisdiction in which a Payor is organized or otherwise considered to be a resident for tax purposes, or any political subdivision or governmental authority thereof or therein having the power to tax (each of clause (1), (2) and (3), a “**Relevant Taxing Jurisdiction**”),

will at any time be required from any payments made with respect to the Notes, including payments of principal, redemption price, interest or premium, the Payor will pay (together with such payments) such additional amounts (the “**Additional Amounts**”) as may be necessary in order that the net amounts received in respect of such payments by each holder, as the case may be, after such withholding or deduction (including any such deduction or withholding from such Additional Amounts) equal the amounts which would have been received in



respect of such payments in the absence of such withholding or deduction; *provided, however*, that no such Additional Amounts will be payable with respect to:

- (a) any Taxes that would not have been so imposed but for the existence of any present or former connection between the relevant holder or beneficial owner and the Relevant Taxing Jurisdiction imposing such Taxes (other than the mere ownership or holding of such Note or enforcement of rights thereunder or under the Indenture or the receipt of payments in respect thereof);
- (b) any Taxes that would not have been so imposed if the holder had made a declaration of non-residence or any other claim or filing for exemption to which it is entitled (*provided* that (i) such declaration of non-residence or other claim or filing for exemption is required by the applicable law of the Relevant Taxing Jurisdiction as a precondition to exemption from the requirement to deduct or withhold all or a part of any such Taxes and (ii) at least 30 days prior to the first payment date with respect to which such declaration of non-residence or other claim or filing for exemption is required under the applicable law of the Relevant Taxing Jurisdiction, the relevant holder at that time has been notified (in accordance with the procedures set forth in the Indenture) by the Payor or any other person through whom payment may be made that a declaration of non-residence or other claim or filing for exemption is required to be made, but only to the extent the holder is legally entitled to provide such declaration, claim or filing);
- (c) any Note presented for payment (where presentation is required) more than 30 days after the relevant payment is first made available for payment to the holder (except to the extent that the holder would have been entitled to Additional Amounts had the Note been presented during such 30-day period);
- (d) any Taxes that are payable otherwise than by withholding from a payment of the principal of, premium, if any, or interest on the Notes;
- (e) any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other governmental charge;
- (f) Taxes withheld or deducted on a payment required to be withheld or deducted pursuant to the European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN meeting of November 26-27, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such directive;
- (g) any Taxes which could have been avoided by the presentation (where presentation is required) of the relevant Note to another Paying Agent in a member state of the European Union;
- (h) all United States backup withholding taxes;
- (i) any withholding or deduction imposed pursuant to (i) Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (as amended), as of the Issue Date (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) and any current or future regulations or official interpretations thereof, (ii) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the United States and any other jurisdiction, which (in either case) facilitates the implementation of (i) above or (iii) any agreement pursuant to the implementation of (i) or (ii) above with the U.S. Internal Revenue Service, the U.S. government or any governmental or taxation authority in any other jurisdiction; or
- (j) any combination of items (a) through (i) above.

Such Additional Amounts will also not be payable where, had the beneficial owner of the Note been the holder, it would not have been entitled to payment of Additional Amounts by reason of any of clauses (a) to (j) inclusive above.

The Payor will (1) make any required withholding or deduction and (2) remit the full amount deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law. The Payor will use all reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes and will provide such certified copies (or, if certified copies are not available despite reasonable efforts of the Payor, other evidence of payment reasonably satisfactory to the Trustee) to each holder. The Payor will attach to each certified copy (or other

evidence) a certificate stating (a) that the amount of withholding Taxes evidenced by the certified copy was paid in connection with payments in respect of the principal amount of Notes then outstanding and (b) the amount of such withholding Taxes paid per £1,000 principal amount of the Notes. Copies of such documentation will be available for inspection during ordinary business hours at the office of the Trustee by the holders of the Notes upon request and will be made available at the offices of the Paying Agent if the Notes are then listed on the Luxembourg Stock Exchange.

At least 30 days prior to each date on which any payment under or with respect to the Notes is due and payable (unless such obligation to pay Additional Amounts arises shortly before or after the 30th day prior to such date, in which case it shall be promptly thereafter), if the Payor will be obligated to pay Additional Amounts with respect to such payment, the Payor will deliver to the Trustee an Officer's Certificate stating the fact that such Additional Amounts will be payable, the amounts so payable and will set forth such other information necessary to enable the Trustee to pay such Additional Amounts to holders on the payment date. Each such Officer's Certificate shall be relied upon until receipt of a further Officer's Certificate addressing such matters. The Trustee shall be entitled to rely solely on each such Officer's Certificate as conclusive proof that such payments are necessary.

Wherever mentioned in the Indenture, the Notes or this "*Description of the Senior Secured Notes*", in any context: (1) the payment of principal, (2) purchase prices in connection with a purchase of Notes, (3) interest, or (4) any other amount payable on or with respect to the Notes, such reference shall be deemed to include payment of Additional Amounts as described under this heading to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Payor will pay any present or future stamp, court or documentary taxes or any other excise or property taxes, charges or similar levies (including interest and penalties to the extent resulting from a failure by the Issuer to timely pay amounts due) which arise in any jurisdiction from the execution, delivery or registration of any Notes or any other document or instrument referred to therein (other than a transfer of the Notes), or the receipt of any payments with respect to the Notes, excluding any such taxes, charges or similar levies imposed by any jurisdiction that is not a Relevant Taxing Jurisdiction or any jurisdiction in which a Paying Agent is located, other than those resulting from, or required to be paid in connection with, the enforcement of the Notes, the Collateral or any other such document or instrument following the occurrence of any Event of Default with respect to the Notes.

The foregoing obligations will survive any termination, defeasance or discharge of the Indenture and will apply *mutatis mutandis* to any jurisdiction in which any successor to a Payor is organized or any political subdivision or taxing authority or agency thereof or therein.

### ***Post-Closing Reorganizations***

Following the issuance of the Notes, the Ultimate Parent may effect a reorganization of the Virgin Group (the "**Post-Closing Reorganizations**"). The Post-Closing Reorganizations are expected to include (i) a distribution or other transfer of Virgin Media Communications and its Subsidiaries or a Parent of Virgin Media Communications to the Ultimate Parent or another direct Subsidiary of the Ultimate Parent through one or more mergers, transfers, consolidations or other similar transactions such that Virgin Media Communications and its Subsidiaries or such Parent will become the direct Subsidiary of the Ultimate Parent or such other direct subsidiary of the Ultimate Parent. (ii) the issuance by Virgin Media Communications or Virgin Media Finance of Capital Stock to the Ultimate Parent or another direct Subsidiary of the Ultimate Parent and, as consideration therefor, the assignment by the Ultimate Parent or a direct Subsidiary of the Ultimate Parent of a loan receivable to Virgin Media Communications or Virgin Media Finance, as the case may be, and/or (iii) the insertion of a new entity as a direct Subsidiary of Virgin Media Communications, which new entity will become a Parent of Virgin Media Finance.

Any Parent that ceases to be a Parent of Virgin Media Communications following a Post-Closing Reorganization, is referred to as a "**Released Entity**" and together the "**Released Entities**."

### **Certain Covenants**

#### ***Change of Control***

If a Change of Control shall occur at any time, the Issuer shall, pursuant to the procedures described below and in the Indenture, offer (the "**Change of Control Offer**") to purchase all Notes in whole or in part in denominations of £100,000 and in integral multiples of £1,000 in excess thereof, at a purchase price (the "**Change of Control Purchase Price**") in cash in an amount equal to 101% of the principal amount of such

Notes, plus any Additional Amounts and accrued and unpaid interest, if any, to the date of purchase (the “**Change of Control Purchase Date**”) (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date); *provided, however*, that the Issuer shall not be obliged to repurchase Notes as described under this subsection “—*Change of Control*” in the event and to the extent that it has unconditionally exercised its right to redeem all of the Notes as described under “—*Optional Redemption*” or all conditions to such redemption have been satisfied or waived. No such purchase in part shall reduce the principal amount at maturity of the Notes held by any holder to below £100,000.

Unless the Issuer has unconditionally exercised its right to redeem all the Notes as described under “—*Optional Redemption*” or all conditions to such redemption have been satisfied or waived, within 30 days of any Change of Control, or, at the Issuer’s option, at any time prior to a Change of Control following the public announcement thereof or if a definitive agreement is in place for the Change of Control, the Issuer shall notify the Trustee thereof and give written notice of such Change of Control to each holder stating to the extent relevant, among other things:

- that a Change of Control has occurred (or may occur) and the date (or expected date) of such event;
- the circumstances and relevant facts regarding such Change of Control;
- the purchase price and the purchase date which shall be fixed by the Issuer on a Business Day no earlier than 10 days nor later than 60 days from the date such notice is mailed, or delivered, or such later date as is necessary to comply with requirements under the Exchange Act;
- that any Note not tendered will continue to accrue interest and unless the Issuer defaults in payment of the Change of Control Purchase Price, any Notes accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest after the Change of Control Purchase Date; and
- certain other procedures that a holder must follow to accept a Change of Control Offer or to withdraw such acceptance.

If and for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market and the rules of the Luxembourg Stock Exchange so require, the Company will publish a public announcement with respect to the results of any Change of Control Offer in a leading newspaper of general circulation in Luxembourg or, to the extent and in the manner permitted by such rules, post such notice on the official website of the Luxembourg Stock Exchange. The ability of the Issuer to repurchase Notes pursuant to a Change of Control Offer may be limited by a number of factors. See “*Risk Factors—Risks relating to the Senior Secured Notes and the Senior Notes—We may not be able to obtain the funds required to repurchase the Senior Secured Notes and the Senior Notes upon a change of control.*”

The Trustee or its authenticating agent will promptly authenticate and deliver a new note or notes equal in principal amount to any unpurchased portion of Notes surrendered, if any, to the holder of Notes in global form or to each holder of certificated notes; *provided* that each such new note will be in a principal amount of £100,000 and integral multiples of £1,000 in excess thereof. The Issuer will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Purchase Date.

The Issuer will not be required to make a Change of Control Offer following a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer. Notwithstanding anything to the contrary herein, a Change of Control Offer may be made in advance of a Change of Control, conditional upon such Change of Control, if a definitive agreement is in place for the Change of Control at the time of making of the Change of Control Offer.

If holders of not less than 90% in aggregate principal amount of the outstanding Notes validly tender and do not withdraw such Notes in a Change of Control Offer and the Issuer, or any third party making a Change of Control Offer in lieu of the Issuer as described above, purchases all of the Notes validly tendered and not withdrawn by such holders, the Issuer or such third party will have the right, upon not less than 10 nor more than 60 days’ prior notice, given not more than 30 days following such purchase pursuant to the Change of Control Offer described above, to redeem all Notes that remain outstanding following such purchase at a price in cash equal to 101% of the principal amount thereof plus accrued and unpaid interest to but excluding the date of the delivery of the notice for such redemption.

The term “all or substantially all” as used in the definition of “Change of Control” has not been interpreted under New York law (which is the governing law of the Indenture) to represent a specific

quantitative test. As a consequence, in the event the holders of the Notes elect to exercise their rights under the Indenture and the Issuer elects to contest such election, there could be no assurance as to how a court interpreting New York law would interpret the phrase.

The provisions of the Indenture do not afford holders of the Notes the right to require the Issuer to repurchase the Notes in the event of a highly leveraged transaction, certain transactions with the Company's management or their Affiliates or certain other sale transactions, including a reorganization, restructuring, merger or similar transaction (including, in certain circumstances, an acquisition of the Company by management or its affiliates) involving the Issuer that may adversely affect holders of the Notes, if such transaction is not a transaction defined as a Change of Control.

The provisions under the Indenture related to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the written consent of the holders of a majority in principal amount of the Notes prior to the occurrence of a Change of Control.

The Issuer will comply with the applicable tender offer rules, including Rule 14e-1 under the Exchange Act, and any other applicable securities laws or regulations in connection with a Change of Control Offer. To the extent that the provisions of any applicable securities laws or regulations conflict with the provisions of this covenant (other than the obligation to make an offer pursuant to this covenant), the Issuer will comply with the securities laws and regulations and will not be deemed to have breached its obligations described in this covenant by virtue thereof.

### ***Limitation on Indebtedness***

The Company will not, and will not permit any of the Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness); *provided, however*, that the Company and any Restricted Subsidiary may Incur Indebtedness (including Acquired Indebtedness) if on the date of such Incurrence and after giving effect thereto on a *pro forma* basis the Consolidated Net Leverage Ratio would not exceed 4.00 to 1.00.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness:

- (1) Indebtedness of the Company and any of the Restricted Subsidiaries under Credit Facilities in the aggregate principal amount at any one time outstanding not to exceed (A) an amount equal to the greater of (i)(a) £3,500.0 million plus (b) the amount of any Credit Facilities incurred under the first paragraph of this covenant or any other provision of the second paragraph of this covenant to acquire any property, other assets or shares of Capital Stock of a Person and (ii) 5.0% of Total Assets, plus (B) any accrual or accretion of interest that increases the principal amount of Indebtedness under Credit Facilities, plus (C) in the case of any refinancing of any Indebtedness permitted under this clause (1) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses Incurred in connection with such refinancing;
- (2) Indebtedness of the Company owing to and held by any Restricted Subsidiary (other than a Receivables Entity) or Indebtedness of a Restricted Subsidiary owing to and held by the Company or any other Restricted Subsidiary (other than a Receivables Entity); *provided, however*, that:
  - (a) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being beneficially held by a Person other than the Company or a Restricted Subsidiary (other than a Receivables Entity); and
  - (b) any sale or other transfer of any such Indebtedness to a Person other than the Company or a Restricted Subsidiary (other than a Receivables Entity),

shall be deemed, in each case, to constitute an Incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be;

- (3) (a) Indebtedness of the Issuer represented by the Notes (other than any Additional Notes issued after the Issue Date), (b) Indebtedness of the Guarantors represented by the Note Guarantees and (c) Indebtedness represented by the Security Documents;
- (4) any Indebtedness (other than the Indebtedness described in clauses (1), (2), (3) and (15)(a)) outstanding on the Issue Date;
- (5) any Refinancing Indebtedness Incurred in respect of any Indebtedness described in clause (3), clause (4), this clause (5), clause (6), clause (8), clause (15) or clause (19) or Incurred pursuant to the first paragraph of this covenant;

- (6) Indebtedness of the Company or a Restricted Subsidiary (a) Incurred and outstanding on the date on which such Restricted Subsidiary was acquired by the Company or a Restricted Subsidiary or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Company or any Restricted Subsidiary; (b) Incurred to provide all or a portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Company or a Restricted Subsidiary or (c) Incurred and outstanding on the date on which such Restricted Subsidiary was acquired by the Company or a Restricted Subsidiary or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Company or any Restricted Subsidiary (other than Indebtedness Incurred in contemplation of the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Company or a Restricted Subsidiary); *provided, however*, that with respect to (a) and (b) of this clause (6) only, immediately following the consummation of the acquisition of such Restricted Subsidiary by the Company or such other transaction, (i) the Company and Restricted Subsidiaries would have been able to Incur £1.00 of additional Indebtedness pursuant to the first paragraph of this covenant after giving pro forma effect to the relevant acquisition or other transaction and the Incurrence of such Indebtedness pursuant to this clause (6) or (ii) the Consolidated Net Leverage Ratio would not be greater than immediately prior to such acquisition or such other transaction;
- (7) Indebtedness under Currency Agreements, Commodity Agreements and Interest Rate Agreements entered into for *bona fide* hedging purposes of (a) the Company and the Restricted Subsidiaries and (b) Virgin Media Finance, in each case, not for speculative purposes (as determined in good faith by the Board of Directors or senior management of the Company);
- (8) Indebtedness consisting of (a) mortgage financings, Purchase Money Obligations or other financings, Incurred for the purpose of financing all or any part of the purchase price or cost of design, construction, installation or improvement of property (real or personal), plant, equipment or other assets used or useful in the business of the Company or such Restricted Subsidiary or (b) Indebtedness otherwise Incurred to finance the purchase, lease, rental or cost of design, development, construction, installation or improvement of property (real or personal), plant, equipment or other assets used or useful in the business of the Company or such Restricted Subsidiary, whether through the direct purchase of assets or the Capital Stock of any Person owning such assets, and any Refinancing Indebtedness which refinances, replaces or refunds such Indebtedness, in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (8) will not exceed the greater of (i) £200.0 million and (ii) 3.0% of Total Assets at any time outstanding so long as such Indebtedness exists on the date of, or commissioning of, or contracting for, such purchase, design, development, construction, installation or improvement, or is created within 270 days thereafter;
- (9) Indebtedness in respect of (a) workers' compensation claims, self-insurance obligations, performance, bid, indemnity, surety, judgment, appeal, advance payment, customs, VAT or other tax or other guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Company or a Restricted Subsidiary or relating to liabilities, obligations or guarantees Incurred in the ordinary course of business or in respect of any government requirement, (b) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business, including letters of credit or similar instruments in respect of self-insurance and workers compensation obligations, (c) the financing of insurance premiums in the ordinary course of business and (d) any customary cash management, cash pooling or netting or setting off arrangements in the ordinary course of business;
- (10) Indebtedness arising from agreements of the Company or a Restricted Subsidiary providing for indemnification, obligations in respect of earn-outs or adjustment of purchase price or similar obligations, in each case, Incurred or assumed in connection with the disposition of any business, assets or Capital Stock of a Restricted Subsidiary, *provided* that the maximum aggregate liability in respect of all such Indebtedness shall at no time exceed the gross proceeds (including the fair market value of non-cash proceeds) actually received by the Company and the Restricted Subsidiaries in connection with such disposition;
- (11) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument (except in the case of daylight overdrafts) drawn against insufficient funds in the

ordinary course of business, *provided, however*, that such Indebtedness is extinguished within thirty Business Days of Incurrence;

- (12) guarantees by the Issuer or any Restricted Subsidiary of Indebtedness or any other obligation or liability of the Company or any Restricted Subsidiary (other than of any Indebtedness Incurred by the Company or Restricted Subsidiary in violation of this covenant); *provided, however*, that if the Indebtedness being guaranteed is subordinated in right of payment to the Notes or any Note Guarantee, then such guarantee shall be subordinated substantially to the same extent as the relevant Indebtedness guaranteed;
- (13) [Reserved];
- (14) Subordinated Shareholder Loans Incurred by the Company;
- (15) Indebtedness of the Issuer, the Company or any Subsidiary Guarantor Incurred pursuant to (a) the guarantees of the Existing Senior Notes and the Senior Notes and (b) any guarantees of other Indebtedness of Virgin Media Finance or any other Parent Guarantor *provided* that for purposes of this clause (b): (i) on the date of such Incurrence and after giving effect thereto on a *pro forma* basis the Consolidated Net Leverage Ratio would not exceed 5.00 to 1.00 (for the avoidance of doubt, outstanding Indebtedness for the purpose of calculating the Consolidated Net Leverage Ratio under this clause (b) shall include any Indebtedness represented by guarantees by the Company or any of the Restricted Subsidiaries of Indebtedness of Virgin Media Finance or any other Parent Guarantor) and (ii) such guarantees shall be subordinated to the Notes and the Subsidiary Guarantees pursuant to the Intercreditor Deeds or any Additional Intercreditor Deed to substantially the same extent, and on substantially the same terms, as the guarantees of the Existing Senior Notes and the Senior Notes are subordinated to the Notes and the Subsidiary Guarantees on the Issue Date pursuant to the terms of the Intercreditor Deeds;
- (16) Indebtedness of the Company or any Restricted Subsidiary in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause (16) and then outstanding, will not exceed 100% of the Net Cash Proceeds received by the Company from the issuance or sale (other than to the Company or a Restricted Subsidiary) of its Subordinated Shareholder Loans or Capital Stock or otherwise contributed to the equity of the Company, in each case, subsequent to February 22, 2013 (and in each case, other than through the issuance of Disqualified Stock, Preferred Stock or an Excluded Contribution); *provided, however*, that (i) any such Net Cash Proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under clauses 4(c)(ii) and 4(c)(iii) of the first paragraph and clause (1) of the third paragraph of the covenant described below under “—*Limitation on Restricted Payments*” to the extent the Company or any Restricted Subsidiary Incurs Indebtedness in reliance thereon and (ii) any Net Cash Proceeds that are so received or contributed shall be excluded for purposes of Incurring Indebtedness pursuant to this clause (16) to the extent the Company or any Restricted Subsidiary makes a Restricted Payment under clauses 4(c)(ii) and 4(c)(iii) of the first paragraph and clauses (1) of the third paragraph of the covenant described below under “—*Limitation on Restricted Payments*” in reliance thereon;
- (17) Indebtedness of the Company, the Issuer or any other Restricted Subsidiary relating to any VAT liabilities or deferral of PAYE taxes with the agreement of the U.K. HM Revenue and Customs (including guarantees by a Restricted Subsidiary in favor of the U.K. HM Revenue and Customs in connection with the U.K. tax liability of the Company or any Restricted Subsidiary (including, without limitation, any VAT liabilities));
- (18) Indebtedness with Affiliates reasonably required in connection with the UPC Ireland Acquisition; and
- (19) in addition to the items referred to in clauses (1) through (18) above, Indebtedness of the Company and any of the Restricted Subsidiaries in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (19) and then outstanding, will not exceed the greater of (i) £300.0 million and (ii) 3.0% of Total Assets at any time outstanding.

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant:

- (1) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, the Company, in its sole discretion,

will classify such item of Indebtedness on the date of its Incurrence and only be required to include the amount and type of such Indebtedness in one of such clauses and will be permitted on the date of such Incurrence to divide and classify an item of Indebtedness in more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, and, from time to time, may reclassify all or a portion of such Indebtedness, in any manner that complies with this covenant;

- (2) guarantees of, or obligations in respect of letters of credit relating to, Indebtedness which is otherwise included in the determination of a particular amount of Indebtedness shall not be included;
- (3) if obligations in respect of letters of credit are Incurred pursuant to any Credit Facility and are being treated as Incurred pursuant to clause (1) of the second paragraph above and the letters of credit relate to other Indebtedness, then such other Indebtedness shall not be included;
- (4) the principal amount of any Disqualified Stock of the Company, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;
- (5) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness; and
- (6) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined in accordance with GAAP.

Accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest or dividends in the form of additional Indebtedness, Preferred Stock or Disqualified Stock and increases in the amount of Indebtedness due to a change in accounting principles will not be deemed to be an Incurrence of Indebtedness for purposes of this covenant. The amount of any Indebtedness outstanding as of any date shall be (i) the accreted value thereof in the case of any Indebtedness issued with original issue discount and (ii) the principal amount or liquidation preference thereof, together with any interest thereon that is more than 30 days past due, in the case of any other Indebtedness.

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary as of such date.

For purposes of determining compliance with any sterling-denominated restriction on the Incurrence of Indebtedness, the Sterling Equivalent principal amount of Indebtedness denominated in a foreign currency shall be (1) calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or first committed or first Incurred (whichever yields the lower Sterling Equivalent), in the case of revolving credit Indebtedness; provided that if such Indebtedness is Incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable sterling-dominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such sterling-dominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced and (2) if and for so long as any such Indebtedness is subject to an agreement intended to protect against fluctuations in currency exchange rates with respect to the currency in which such Indebtedness is denominated covering principal and interest on such Indebtedness, the swapped rate of such Indebtedness as of the date of the applicable swap. Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company and the Restricted Subsidiaries may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

The Company will not Incur, and will not permit the Issuer or any Guarantor to Incur, any Indebtedness that is contractually subordinated in right of payment to any other Indebtedness of the Company, the Issuer or any Guarantor unless such Indebtedness is also contractually subordinated in right of payment to the Notes and, if applicable, the guarantee of the person Incurring such Indebtedness, on substantially identical terms (as determined in good faith by the Board of Directors or senior management of the Company); provided, however, that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other

Indebtedness of the Company, the other Issuer, any Guarantor or any other Restricted Subsidiary solely by virtue of being unsecured or secured on a junior Lien basis or by virtue of not being guaranteed or by virtue of the application of waterfall or other payment ordering provisions affecting different tranches of Indebtedness.

For purposes of determining compliance with the first paragraph of this covenant, the Sterling Equivalent principal amount of Indebtedness denominated in a foreign currency (if such Indebtedness has not been swapped into pounds sterling, or if such Indebtedness has been swapped into a currency other than pounds sterling) shall be calculated using the same weighted average exchange rates for the relevant period used in the consolidated financial statements of the Virgin Reporting Entity for calculating the Sterling Equivalent of Consolidated EBITDA denominated in the same currency as the currency in which such Indebtedness is denominated or into which it has been swapped.

### ***Limitation on Restricted Payments***

The Company will not, and will not permit any of the Restricted Subsidiaries, directly or indirectly:

- (1) to declare or pay any dividend or make any distribution on or in respect of its Capital Stock (including any payment in connection with any merger or consolidation involving the Company or any of the Restricted Subsidiaries) except:
  - (a) dividends or distributions payable in Capital Stock of the Company (other than Disqualified Stock) or Subordinated Shareholder Loans; and
  - (b) dividends or distributions payable to the Company or a Restricted Subsidiary (and if such Restricted Subsidiary is not a Wholly Owned Subsidiary of the Company, to its other holders of common Capital Stock on a pro rata basis);
- (2) to purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Company or any Parent of the Company or any Affiliate Guarantor held by Persons other than the Company or a Restricted Subsidiary;
- (3) to purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Obligations (other than (x) the purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Obligations purchased in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of purchase, repurchase, redemption, defeasance or other acquisition or retirement or (y) Indebtedness permitted under clause (2) of the second paragraph under the covenant described under “—*Limitation on Indebtedness*”); or
- (4) to make any Restricted Investment in any Person;

(any such dividend, distribution, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (4) is referred to herein as a “**Restricted Payment**”), if at the time the Company or such Restricted Subsidiary makes such Restricted Payment:

- (a) a Default shall have occurred and be continuing (or would result therefrom); or
- (b) the Company and the Restricted Subsidiaries are not able to Incur an additional £1.00 of Indebtedness pursuant to the first paragraph under the covenant described under “—*Limitation on Indebtedness*”, after giving effect, on a *pro forma* basis, to such Restricted Payment; or
- (c) the aggregate amount of such Restricted Payment and all other Restricted Payments (the amount so expended, if other than in cash, to be determined in good faith by the Board of Directors or senior management of the Company) declared or made subsequent to July 25, 2006 and not returned or rescinded would exceed the sum of:
  - (i) 50% of Consolidated Net Income for the period (treated as one accounting period) from the beginning of the first fiscal quarter commencing after July 25, 2006 to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which financial statements are available (or, in case such Consolidated Net Income is a deficit, minus 100% of such deficit);
  - (ii) 100% of the aggregate Net Cash Proceeds and the fair market value, as determined in good faith by the Board of Directors or senior management of the Company, of marketable securities, or other property or assets, received by the Company from the



issue or sale of its Capital Stock (other than Disqualified Stock) or Subordinated Shareholder Loans or other capital contributions subsequent to July 25, 2006 (other than (A) Net Cash Proceeds received from an issuance or sale of such Capital Stock to the Company or a Restricted Subsidiary or an employee stock ownership plan, option plan or similar trust to the extent such sale to an employee stock ownership plan or similar trust is financed by loans from or guaranteed by the Company or any Restricted Subsidiary unless such loans have been repaid with cash on or prior to the date of determination or (B) Excluded Contributions;

- (iii) 100% of the aggregate Net Cash Proceeds and the fair market value, as determined in good faith by the Board of Directors or senior management of the Company, of marketable securities, or other property or assets, received by the Company or any Restricted Subsidiary from the issuance or sale (other than to the Company or a Restricted Subsidiary) by the Company or any Restricted Subsidiary subsequent to July 25, 2006 of any Indebtedness that has been converted into or exchanged for Capital Stock of the Company (other than Disqualified Stock) or Subordinated Shareholder Loans;
- (iv) the amount equal to the net reduction in Restricted Investments made by the Company or any of the Restricted Subsidiaries subsequent to July 25, 2006 resulting from:
  - (A) repurchases, redemptions or other acquisitions or retirements of any such Restricted Investment, proceeds realized upon the sale or other disposition to a Person other than the Company or a Restricted Subsidiary of any such Restricted Investment, repayments of loans or advances or other transfers of assets (including by way of dividend, distribution, interest payments or returns of capital) to the Company or any Restricted Subsidiary; or
  - (B) the redesignation of Unrestricted Subsidiaries as Restricted Subsidiaries (valued, in each case, as provided in the definition of “**Investment**”) not to exceed, in the case of any Unrestricted Subsidiary, the amount of Investments previously made by the Company or any Restricted Subsidiary in such Unrestricted Subsidiary,

which amount in each case under this clause (iv) was included in the calculation of the amount of Restricted Payments; *provided, however*, that no amount will be included in Consolidated Net Income for the purposes of the preceding clause (i) to the extent that it is (at the Company’s option) included under this clause (iv);

- (v) without duplication of amounts included in clause (iv), the amount by which Indebtedness of the Company is reduced on the Company’s Consolidated balance sheet upon the conversion or exchange of any Indebtedness of the Company issued after July 25, 2006, which is convertible or exchangeable for Capital Stock (other than Disqualified Stock) of the Company issued to Persons not including the Company (less the amount of any cash or the Fair Market Value of other property or assets distributed by the Company upon such conversion or exchange); and
- (vi) 100% of the Net Cash Proceeds and the fair market value (as determined in accordance with the next succeeding paragraph) of marketable securities, or other property or assets, received by the Company or any of the Restricted Subsidiaries in connection with: (A) the sale or other disposition (other than to the Company or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary) of Capital Stock of an Unrestricted Subsidiary; and (B) any dividend or distribution made by an Unrestricted Subsidiary to the Company or a Restricted Subsidiary; provided, however, that no amount will be included in Consolidated Net Income for the purposes of the preceding clause (i) to the extent that it is (at the Company’s option) included under this clause (vi).

For purposes of calculating the aggregate amount of Restricted Payments under clause 4(c) above declared or made subsequent to July 25, 2006 and prior to the Issue Date, any Restricted Payment which was not included in the calculation of the amount of Restricted Payments under Section 4.07(a)(C) of the 2006 Indenture shall also not be included in such calculation under clause 4(c) above.

The fair market value of property or assets other than cash for, purposes of this covenant, shall be the fair market value thereof as determined in good faith by the Board of Directors or senior management of the Company.

The provisions of the preceding paragraph will not prohibit:

- (1) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Capital Stock, Disqualified Stock, Subordinated Shareholder Loans or Subordinated Obligations of the Company made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the substantially concurrent (and in any event not more than 90 days following) sale of, or issuance of, Subordinated Shareholder Loans or, Capital Stock of the Company (other than Disqualified Stock or Capital Stock issued or sold to a Subsidiary or an employee stock ownership plan or similar trust to the extent such sale to an employee stock ownership plan or similar trust is financed by loans from or guaranteed by the Company or any Restricted Subsidiary unless such loans have been repaid with cash on or prior to the date of determination), or of a substantially concurrent capital contribution to the Company; *provided, however*, that (a) such purchase, repurchase, redemption, defeasance, acquisition or retirement will be excluded in subsequent calculations of the amount of Restricted Payments and (b) the Net Cash Proceeds from such sale or issuance of Capital Stock or Subordinated Shareholder Loans or from such capital contribution will be excluded from clause (c)(ii) of the preceding paragraph;
- (2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Obligations of the Company or a Restricted Subsidiary made by exchange for, or out of the proceeds of the substantially concurrent (and in any event not more than 90 days following) sale of, Subordinated Obligations of the Company or such Restricted Subsidiary that is permitted to be Incurred pursuant to the covenant described under “—*Limitation on Indebtedness*” and that in each case constitutes Refinancing Indebtedness; *provided, however*, that such purchase, repurchase, redemption, defeasance, acquisition or retirement will be excluded in subsequent calculations of the amount of Restricted Payments;
- (3) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Disqualified Stock of the Company or a Restricted Subsidiary made by exchange for, or out of the proceeds of the substantially concurrent (and in any event not more than 90 days following) sale of Disqualified Stock of the Company or such Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred pursuant to the covenant described under “—*Limitation on Indebtedness*” and that in each case constitutes Refinancing Indebtedness; *provided, however*, that such purchase, repurchase, redemption, defeasance, acquisition or retirement will be excluded in subsequent calculations of the amount of Restricted Payments;
- (4) dividends paid within 60 days after the date of declaration if at such date of declaration such dividend would have complied with this provision; *provided, however*, that such dividends will be included in subsequent calculations of the amount of Restricted Payments;
- (5) the purchase, repurchase, defeasance, redemption or other acquisition, cancellation or retirement for value of Capital Stock, or options, warrants, equity appreciation rights or other rights to purchase or acquire Capital Stock of the Company or any Restricted Subsidiary or any parent of the Company held by any existing or former employees or management of the Company or any Subsidiary of the Company or their assigns, estates or heirs, in each case in connection with the repurchase provisions under employee stock option or stock purchase agreements or other agreements to compensate management employees; *provided* that such redemptions or repurchases pursuant to this clause will not exceed an amount equal to £20.0 million in the aggregate during any calendar year (with any unused amounts in any preceding calendar year being carried over to the succeeding calendar year); *provided, however*, that the amount of any such repurchase or redemption will be included in subsequent calculations of the amount of Restricted Payments;
- (6) the declaration and payment of dividends to holders of any class or series of Disqualified Stock, or of any Preferred Stock of a Restricted Subsidiary, Incurred in accordance with the terms of the covenant described under “—*Limitation on Indebtedness*” above; *provided, however*, that such dividends will be excluded from subsequent calculations of the amount of Restricted Payments;
- (7) purchases, repurchases, redemptions, defeasance or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise of stock options, warrants or other convertible securities if such Capital Stock represents a portion of the exercise price thereof; *provided, however*, that such repurchases will be excluded from subsequent calculations of the amount of Restricted Payments;

- (8) the purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of any Subordinated Obligation:
- (a) at a purchase price not greater than 101% of the principal amount of such Subordinated Obligation in the event of a Change of Control in accordance with provisions similar to the “—*Change of Control*” covenant;
  - (b) at a purchase price not greater than 100% of the principal amount thereof in accordance with provisions similar to the “—*Limitation on Sales of Assets and Subsidiary Stock*” covenant; *provided* that, prior to or simultaneously with such purchase, repurchase, redemption, defeasance or other acquisition or retirement, the Issuer has made the Change of Control Offer or Asset Disposition Offer, as applicable, as provided in such covenant with respect to the Notes and have completed the repurchase or redemption of all Notes validly tendered for payment in connection with such Change of Control Offer or Asset Disposition Offer; and *provided, further*, that such purchase, redemption or other acquisition of Subordinated Obligations will be excluded from subsequent calculations of the amount of Restricted Payments; or
  - (c) (i) consisting of Acquired Indebtedness (other than Indebtedness Incurred to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or a Restricted Subsidiary) and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Obligation plus accrued and unpaid interest and any premium required by the terms of any Acquired Indebtedness;
- (9) dividends, loans, advances or distributions to any Parent or other payments by the Company or any Restricted Subsidiary in amounts equal to:
- (i) the amounts required for any Parent to pay Parent Expenses;
  - (ii) the amounts required for any Parent to pay Public Offering Expenses or fees and expenses related to any other equity or debt offering of such Parent that are directly attributable to the operation of the Company and the Restricted Subsidiaries;
  - (iii) the amounts required for any Parent to pay Related Taxes or, without duplication, pursuant to the Tax Sharing Agreement; and
  - (iv) amounts constituting payments satisfying the requirements of clauses (11) and (12) of the second paragraph of the covenant described under “—*Limitation on Affiliate Transactions.*”
- provided*, that such dividends, loans, advances, distributions or other payments will be excluded from subsequent calculations of the amount of Restricted Payments;
- (10) Restricted Payments in an aggregate amount outstanding at any time not to exceed the aggregate cash amount of Excluded Contributions, or consisting of non-cash Excluded Contributions, or Investments in exchange for or using as consideration Investments previously made under this clause, *provided, however*, that the amount of such Restricted Payments will be excluded from subsequent calculations of the amount of Restricted Payments;
- (11) payments by the Company, or loans, advances, dividends or distributions to any parent company of the Company to make payments to holders of Capital Stock of the Company or any parent company of the Company in lieu of the issuance of fractional shares of such Capital Stock; *provided, however*, that the net amount of such payments will be excluded from subsequent calculations of the amount of Restricted Payments;
- (12) [Reserved];
- (13) so long as no Default or Event of Default of the type specified in clauses (1) or (2) under “—*Events of Default*” has occurred and is continuing, any Restricted Payment to the extent that, after giving *pro forma* effect to any such Restricted Payment, the Consolidated Net Leverage Ratio would not exceed 4.00 to 1.00, *provided, however*, that the net amount of such payments will be included in subsequent calculations of the amount of Restricted Payments;
- (14) Restricted Payments in an aggregate amount at any time outstanding, when taken together with all other Restricted Payments made pursuant to this clause (14), not to exceed the greater of (a) £100.0 million and (b) 3.0% of Total Assets, in the aggregate in any calendar year (with any unused amounts in any preceding calendar year being carried over to the succeeding calendar year); *provided, however*, that the amount of such Restricted Payments will be included in subsequent calculations of the amount of Restricted Payments;

- (15) payments permitted by the Intercreditor Deeds or any Additional Intercreditor Deed for purposes of making corresponding payments on (i) the Convertible Senior Notes, the Existing Senior Notes, the Senior Notes and other Indebtedness of Virgin Media Finance or any other Parent Guarantor that is guaranteed by the Company or any of the Restricted Subsidiaries pursuant to clause (15) of the second paragraph of the covenant described under “—*Limitation on Indebtedness*” above and (ii) any other Indebtedness of Virgin Media or any of its Subsidiaries provided that the net proceeds of any such other Indebtedness described in clause (ii) are or were (a) used in the prepayment, repayment, redemption, defeasance, retirement or purchase of the Convertible Senior Notes, the Existing Senior Notes, other Indebtedness of Virgin Media Finance or any other Parent Guarantor that is guaranteed by the Company or any of the Restricted Subsidiaries pursuant to clause (15) of the second paragraph of the covenant described under “—*Limitation on Indebtedness*” above or any Indebtedness of the Company or any Restricted Subsidiary, in each case, in whole or in part, or (b) contributed to or otherwise loaned or transferred to the Company or any Restricted Subsidiary; *provided, however*, that the amount of such payments will be excluded in subsequent calculations of the amount of Restricted Payments;
- (16) the distribution, as a dividend or otherwise, of shares of Capital Stock of or, Indebtedness owed to the Company or a Restricted Subsidiary by, Unrestricted Subsidiaries; *provided, however*, that such distributions will be excluded from subsequent calculations of the amount of Restricted Payments;
- (17) following a Public Offering of the Company or any Parent, the declaration and payment by the Company or such Parent, or the making of any cash payments, advances, loans, dividends or distributions to any Parent to pay, dividends or distributions on the Capital Stock, common stock or common equity interests of the Company or any Parent; *provided* that the aggregate amount of all such dividends or distributions under this clause (17) shall not exceed in any fiscal year the greater of (a) 6.0% of the Net Cash Proceeds received from such Public Offering or subsequent Equity Offering by the Company or contributed to the capital of the Company by any Parent of the Company in any form other than Indebtedness or Excluded Contributions and (b) following the Initial Public Offering, an amount equal to the greater of (i) 7.0% of the Market Capitalization and (ii) 7.0% of the IPO Market Capitalization, *provided* that after giving *pro forma* effect to the payment of any such dividend or making of any such distribution, the Consolidated Net Leverage Ratio would not exceed 4.00 to 1.00; *provided, however*, that the amount of such Restricted Payments will be included in subsequent calculations of the amount of Restricted Payments.
- (18) after the designation of any Restricted Subsidiary as an Unrestricted Subsidiary, distributions (including by way of dividend) consisting of cash, Capital Stock or property or other assets of such Unrestricted Subsidiary that in each case is held by the Company, the Issuer or any Restricted Subsidiary; *provided, however*, that (a) such distribution or disposition shall include the concurrent transfer of all liabilities (contingent or otherwise) attributable to the property or other assets being transferred; (b) any property or other assets received from any Unrestricted Subsidiary (other than Capital Stock issued by any Unrestricted Subsidiary) may be transferred by way of distribution or disposition pursuant to this clause (18) only if such property or other assets, together with all related liabilities, is so transferred in a transaction that is substantially concurrent with the receipt of the proceeds of such distribution or disposition by the Company or such Restricted Subsidiary; and (c) such distribution or disposition shall not, after giving effect to any related agreements, result nor be likely to result in any material liability, tax or other adverse consequences to the Company and the Restricted Subsidiaries on a consolidated basis; *provided further, however*, that such distributions will be excluded from the calculation of the amount of Restricted Payments, it being understood that proceeds from the disposition of any cash, Capital Stock or property or other assets of an Unrestricted Subsidiary that are so distributed will not increase the amount of Restricted Payments permitted under clause (c)(iv) of the preceding paragraph above;
- (19) any Restricted Payment on common stock of the Company or any Affiliate Guarantor up to £60 million per year; *provided, however*, in each case, that such Restricted Payments will be included in the calculation of the amount of Restricted Payments;
- (20) Restricted Payments at any time outstanding made with the proceeds of any drawings under a Permitted Revolving Credit Facility in an amount not to exceed the Revolving Facility Excluded Amount, *provided* that, the amount of any Restricted Payment made pursuant to this clause (20) shall be deemed to be reduced (but not below zero) by the aggregate principal amount of any prepayment or repayment (including on a cashless basis) of any such drawings under such Permitted Revolving Credit Facility; *provided, however*, that, the net amount of such Restricted Payments will be included in subsequent calculations of the amount of Restricted Payments;

- (21) any Business Division Transaction, provided, that after giving pro forma effect thereto, the Company and the Restricted Subsidiaries could Incur at least £1.00 of additional Indebtedness under the first paragraph of the covenant described under “—*Limitation on Indebtedness*”; *provided, however*, that the amount of such Restricted Payments will be excluded from the calculation of Restricted Payments;
- (22) any prepayment, repayment, repurchase, redemption, retirement, defeasance or other acquisition for value of the Existing Senior Notes, the Senior Notes and other Indebtedness of Virgin Media Finance or any other Parent Guarantor that is guaranteed by the Company or any of the Restricted Subsidiaries pursuant to clause (15) of the second paragraph of the covenant described under “—*Limitation on Indebtedness*” above, in an amount not exceeding in any financial year of the Company ten per cent in aggregate principal amount of such Indebtedness or any Restricted Payment to facilitate such transaction; *provided* that in the event that any such amount available for the prepayment, repayment, repurchase, redemption, retirement, defeasance or other acquisition for value of such Indebtedness in any financial year of the Company is not utilized in full, then the maximum amount available for such purposes in the following financial years of the Company shall be increased by such unutilized amount; *provided, however*, that such Restricted Payments will be excluded from the calculation of the amount of Restricted Payments;
- (23) any Restricted Payment from the Company or any Restricted Subsidiary to the Parent or any other Subsidiary of the Parent which is not a Restricted Subsidiary; *provided that* such Subsidiary advances the proceeds of any such Restricted Payment to the Company or any other Restricted Subsidiary, as applicable, within 3 days of receipt thereof and that such Restricted Payments do not exceed an amount equal to 10% of Total Assets at any one time; *provided, however*, that such Restricted Payments will be excluded from the calculation of the amount of Restricted Payments; and
- (24) any Restricted Payment by the Company or any Restricted Subsidiary not to exceed the aggregate amount of the proceeds of the Notes issued on the Issue Date and any other Restricted Payments reasonably required in connection with the UPC Ireland Acquisition; *provided, however*, that the amount of such Restricted Payments will be excluded in subsequent calculations of the amount of Restricted Payments.

For purposes of determining compliance with this covenant, in the event that a Restricted Payment meets the criteria of more than one of the categories described in clauses (1) through (24) above, or is permitted pursuant to the first paragraph of this covenant, the Company will be entitled to classify such Restricted Payment (or portion thereof) on the date of its payment or later reclassify such Restricted Payment (or portion thereof) in any manner that complies with this covenant.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Company or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be its face amount and any non-cash Restricted Payment shall be determined in good faith by the Board of Directors or senior management of the Company.

***Limitation on Liens***

The Company will not, and will not cause or permit any of the Restricted Subsidiaries to, directly or indirectly, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien of any kind securing Indebtedness upon any of their property or assets, other than Permitted Liens.

***Limitation on Restrictions on Distributions from Restricted Subsidiaries***

The Company will not, and will not permit any Restricted Subsidiary (other than the Issuer and the Affiliate Guarantors) to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary (other than the Issuer and the Affiliate Guarantors) to:

- (1) pay dividends or make any other distributions on its Capital Stock or pay any Indebtedness or other obligations owed to the Company or any Restricted Subsidiary;
- (2) make any loans or advances to the Company or any Restricted Subsidiary; or
- (3) transfer any of its property or assets to the Company or any Restricted Subsidiary;

*provided* that (a) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on Common Stock and (b) the subordination of (including but not limited to, the application of any standstill requirements to) loans or advances made to the Company or any Restricted Subsidiary to other Indebtedness Incurred by the Company or any Restricted Subsidiary, shall not be deemed to constitute such an encumbrance or restriction.

The preceding provisions will not prohibit:

- (1) any encumbrance or restriction pursuant to an agreement in effect at or entered into on the date of the Indenture, including, without limitation, the Indenture, the Existing Senior Secured Notes Indentures, the Existing Senior Notes Indentures, the Senior Notes Indenture, the Senior Credit Facility, the Intercreditor Deeds, the Security Documents and any related documentation, in each case, as in effect on the Issue Date;
- (2) any encumbrance or restriction pursuant to an agreement or instrument of a Person relating to any Capital Stock or Indebtedness of a Person, Incurred on or before the date on which such Person was acquired by or merged or consolidated with or into the Company or any Restricted Subsidiary, or on which such agreement or instrument is assumed by the Company or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by the Company or was merged or consolidated with or into the Company or any Restricted Subsidiary or in contemplation of such transaction) and outstanding on such date, *provided*, that any such encumbrance or restriction shall not extend to any assets or property of the Company or any other Restricted Subsidiary other than the assets and property so acquired and *provided, further*, that for the purposes of this clause, if another Person is the Successor Company, any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary shall be deemed acquired or assumed by the Company or any Restricted Subsidiary when such Person becomes the Successor Company;
- (3) any encumbrance or restriction pursuant to an agreement or instrument effecting a refunding, replacement or refinancing of Indebtedness Incurred pursuant to, or that otherwise extends, renews, refunds, refinances or replaces, an agreement referred to in clause (1) or (2) of this paragraph or this clause (3) or contained in any amendment, supplement or other modification to an agreement referred to in clause (1) or (2) of this paragraph or this clause (3); *provided, however*, that the encumbrances and restrictions, taken as a whole, with respect to such Restricted Subsidiary contained in any such agreement are no less favorable in any material respect to the holders of the Notes than the encumbrances and restrictions contained in such agreements referred to in clauses (1) or (2) of this paragraph (as determined in good faith by the Board of Directors or senior management of the Company);
- (4) in the case of clause (3) of the first paragraph of this covenant, any encumbrance or restriction:
  - (a) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any such lease, license or other contract;
  - (b) contained in Liens permitted under the Indenture securing Indebtedness of the Company or a Restricted Subsidiary to the extent such encumbrances or restrictions restrict the transfer of the property subject to such mortgages, pledges or other security agreements; or
  - (c) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Company or any Restricted Subsidiary;
- (5) any encumbrance or restriction pursuant to (a) Purchase Money Obligations for property acquired in the ordinary course of business and (b) Capitalized Lease Obligations permitted under the Indenture, in each case that impose encumbrances or restrictions of the nature described in clause (3) of the first paragraph of this covenant on the property so acquired;
- (6) any Purchase Money Note or other Indebtedness or contractual requirements Incurred with respect to a Qualified Receivables Transaction relating exclusively to a Receivables Entity that, in the good faith determination of the Board of Directors or senior management of the Company, are necessary to effect such Qualified Receivables Transaction;
- (7) any encumbrance or restriction with respect to a Restricted Subsidiary (or any of its property or assets) imposed pursuant to an agreement entered into for the direct or indirect sale or disposition of

- all or substantially all the Capital Stock or assets of such Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;
- (8) customary provisions in leases, asset sale agreements, joint venture agreements and other agreements and instruments entered into by the Company or any Restricted Subsidiary in the ordinary course of business;
  - (9) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation, governmental license or order, or required by any regulatory authority;
  - (10) any encumbrance or restriction on cash or other deposits or net worth imposed by customers under agreements entered into in the ordinary course of business;
  - (11) any encumbrance or restriction pursuant to Currency Agreements, Commodity Agreements or Interest Rate Agreements; and
  - (12) any encumbrance or restriction arising pursuant to an agreement or instrument relating to any Indebtedness permitted to be Incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under “—*Limitation on Indebtedness*” if (a) the encumbrances and restrictions taken as a whole are not materially less favorable to the holders of the Notes than the encumbrances and restrictions contained in the Senior Credit Facility, the Existing Senior Secured Notes Indentures and the Group Intercreditor Deed, in each case, as in effect on the Issue Date (as determined in good faith by the Board of Directors or senior management of the Company) or (b) such encumbrances and restrictions taken as a whole are not materially more disadvantageous to the holders of the Notes than is customary in comparable financings (as determined in good faith by the Board of Directors or senior management of the Company) and, in each case, either (i) the Company reasonably believes that such encumbrances and restrictions will not materially affect the Issuer’s ability to make principal or interest payments on the Notes as and when they come due or (ii) such encumbrances and restrictions apply only if a default occurs in respect of a payment or financial covenant relating to such Indebtedness.

#### ***Limitation on Sales of Assets and Subsidiary Stock***

The Company will not, and will not permit any of the Restricted Subsidiaries to, make any Asset Disposition *unless*:

- (1) the Company or such Restricted Subsidiary, as the case may be, receives consideration (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) at least equal to the fair market value (such fair market value to be determined on the date of contractually agreeing to such Asset Disposition), as determined in good faith by the Board of Directors or senior management of the Company (including as to the value of all non-cash consideration), of the shares and assets subject to such Asset Disposition;
- (2) unless the Asset Disposition is a Permitted Asset Swap, at least 75% of the consideration from such Asset Disposition (excluding any consideration by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise, other than Indebtedness) received by the Company or such Restricted Subsidiary, as the case may be, is in the form of cash or Cash Equivalents; and
- (3) an amount equal to 100% of the Net Available Cash from such Asset Disposition is applied by the Company or such Restricted Subsidiary, as the case may be:
  - (a) to the extent the Company or any Restricted Subsidiary, as the case may be, elects (or is required by the terms of any Indebtedness), to prepay, repay or purchase Senior Indebtedness of the Company, the Issuer (including the Notes) or any Subsidiary Guarantor or Indebtedness of a Restricted Subsidiary that is not a Subsidiary Guarantor (in each case other than Indebtedness owed to the Company or an Affiliate of the Company) within 365 days from the later of the date of such Asset Disposition or the receipt of such Net Available Cash; *provided, however*, that, in connection with any prepayment, repayment or purchase of Indebtedness pursuant to this clause (a), the Company, the Issuer or such Restricted Subsidiary will retire such Indebtedness and will cause the related commitment (if any) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid or purchased; or
  - (b) to the extent the Company or such Restricted Subsidiary elects to invest in or commit to invest in Additional Assets within 365 days from the later of the date of such Asset Disposition or the receipt of such Net Available Cash; *provided, however*, that any such

reinvestment in Additional Assets made pursuant to a definitive agreement or a commitment approved by the Board of Directors or senior management of the Company that is executed or approved within such time will satisfy this requirement, so long as such investment is consummated within 6 months of such 365th day;

*provided* that pending the final application of any such Net Available Cash in accordance with clause (a) or clause (b) above, the Company or such Restricted Subsidiary may temporarily reduce Indebtedness or otherwise invest such Net Available Cash in any manner not prohibited by the Indenture.

Any Net Available Cash from Asset Dispositions that is not applied or invested or committed to be applied as provided in the preceding paragraph will be deemed to constitute “**Excess Proceeds**”. On the 366th day after an Asset Disposition, if the aggregate amount of Excess Proceeds exceeds £250.0 million, the Issuer will be required to make an offer (“**Asset Disposition Offer**”) to all holders of Notes and to the extent required by the terms of other Indebtedness of the Issuer or any Subsidiary Guarantor that does not constitute Subordinated Obligations, to all holders of such other Indebtedness outstanding with similar provisions requiring the Issuer or such Subsidiary Guarantor to make an offer to purchase such Indebtedness with the proceeds from any Asset Disposition (“**Other Asset Disposition Indebtedness**”), to purchase the maximum principal amount of Notes and any such Other Asset Disposition Indebtedness to which the Asset Disposition Offer applies that may be purchased out of the Excess Proceeds, at an offer price in cash in an amount equal to 100% of the principal amount of the Notes and Other Asset Disposition Indebtedness plus accrued and unpaid interest to the date of purchase, in accordance with the procedures set forth in the Indenture or the agreements governing the Other Asset Disposition Indebtedness, as applicable, in each case in a principal amount of £100,000 and in integral multiples of £1,000 in excess thereof.

To the extent that the aggregate amount of Notes and Other Asset Disposition Indebtedness so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Company may use any remaining Excess Proceeds for general corporate purposes in any manner not prohibited by the Indenture. If the aggregate principal amount of Notes surrendered by holders thereof and Other Asset Disposition Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Trustee shall select the Notes and Other Asset Disposition Indebtedness to be purchased on a *pro rata* basis on the basis of the aggregate principal amount of tendered Notes and Other Asset Disposition Indebtedness. For the purposes of calculating the principal amount of any such Indebtedness not denominated in sterling, such Indebtedness shall be calculated by converting any such principal amounts into their Sterling Equivalent determined as of a date selected by the Issuer or the Company that is within the Asset Disposition Offer Period. Upon completion of such Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero.

The Asset Disposition Offer, insofar as it relates to the Notes, will remain open for a period of 20 Business Days following its commencement, except to the extent that a longer period is required by applicable law (the “**Asset Disposition Offer Period**”). No later than five Business Days after the termination of the Asset Disposition Offer Period (the “**Asset Disposition Purchase Date**”), the Issuer will purchase the principal amount of Notes and Other Asset Disposition Indebtedness required to be purchased pursuant to this covenant (the “**Asset Disposition Offer Amount**”) or, if less than the Asset Disposition Offer Amount has been so validly tendered, all Notes and Other Asset Disposition Indebtedness validly tendered in response to the Asset Disposition Offer.

To the extent that any portion of Net Available Cash payable in respect of the Notes is denominated in a currency other than the currency in which the Notes are denominated, the amount thereof payable in respect of such Notes shall not exceed the net amount of funds in the currency in which such Notes are denominated that is actually received by the Issuer upon converting such portion into such currency.

If the Asset Disposition Purchase Date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest will be paid to the Person in whose name a Note is registered at the close of business on such record date, and no additional interest will be payable to holders who tender Notes pursuant to the Asset Disposition Offer.

On or before the Asset Disposition Purchase Date, the Issuer will, to the extent lawful, accept for payment, on a pro rata basis to the extent necessary, the Asset Disposition Offer Amount of Notes and Other Asset Disposition Indebtedness or portions of Notes and Other Asset Disposition Indebtedness so validly tendered and not properly withdrawn pursuant to the Asset Disposition Offer, or if less than the Asset Disposition Offer Amount has been validly tendered and not properly withdrawn, all Notes and Other Asset



Disposition Indebtedness so validly tendered and not properly withdrawn, in each case in a principal amount of £100,000 and in integral multiples of £1,000 in excess thereof. The Company will deliver to the Trustee an Officer's Certificate stating that such Notes or portions thereof were accepted for payment by the Issuer in accordance with the terms of this covenant. The Issuer or the Paying Agent, as the case may be, will promptly (but in any case not later than five Business Days after termination of the Asset Disposition Offer Period) mail or deliver to each tendering holder of Notes or holder or lender of Other Asset Disposition Indebtedness, as the case may be, an amount equal to the purchase price of the Notes or Other Asset Disposition Indebtedness so validly tendered and not properly withdrawn by such holder or lender, as the case may be, and accepted by the Issuer for purchase, and the Issuer will promptly issue a new Note, and the Trustee (or its authenticating agent), upon delivery of an Officer's Certificate from the Company will authenticate and mail or deliver (or cause to be transferred by book entry) such new Note to such holder, in a principal amount equal to any unpurchased portion of the Note surrendered; *provided* that each such new Note will be in a principal amount of £100,000 and in integral multiples of £1,000 in excess thereof. In addition, the Issuer will take any and all other actions required by the agreements governing the Other Asset Disposition Indebtedness. Any Note not so accepted will be promptly mailed or delivered by the Issuer to the holder thereof. The Company will publicly announce the results of the Asset Disposition Offer on the Asset Disposition Purchase Date.

For the purposes of this covenant, the following will be deemed to be cash:

- (1) the assumption by the transferee of Indebtedness (other than Subordinated Obligations) of the Company or any Subsidiary Guarantor or Indebtedness of a Restricted Subsidiary that is not a Subsidiary Guarantor and the release of the Company, such Subsidiary Guarantor or such Restricted Subsidiary from all liability on such Indebtedness in connection with such Asset Disposition (in which case the Issuer will, without further action, be deemed to have applied such deemed cash to Indebtedness in accordance with clause (3)(a) above);
- (2) securities, notes or other obligations received by the Company or any Restricted Subsidiary from the transferee that are convertible by the Company or such Restricted Subsidiary into cash or Cash Equivalents within 180 days following the closing of such Asset Disposition;
- (3) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, to the extent that the Company and each other Restricted Subsidiary are released from any guarantee of payment of the principal amount of such Indebtedness in connection with such Asset Disposition;
- (4) consideration consisting of Indebtedness of the Company or any Restricted Subsidiary;
- (5) any Designated Non-Cash Consideration received by the Company or any Restricted Subsidiary in such Asset Dispositions having an aggregate fair market value not to exceed 25.0% of the consideration from such Asset Disposition (excluding any consideration received from such Asset Disposition in accordance with clauses (1) to (4) of this paragraph) (with the fair market value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value); and
- (6) in addition to any Designated Non-Cash Consideration received pursuant to clause (5) of this paragraph, any Designated Non-Cash Consideration received by the Company or any Restricted Subsidiary in such Asset Dispositions having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this clause (6) that is at that time outstanding, not to exceed the greater of £250 million and 5.0% of Total Assets (with the fair market value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value).

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to the Indenture. To the extent that the provisions of any securities laws or regulations conflict with provisions of this covenant, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of any conflict.

### ***Limitation on Affiliate Transactions***

The Company will not, and will not permit any of the Restricted Subsidiaries to, directly or indirectly, enter into or conduct any transaction (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Company (an “**Affiliate Transaction**”) involving aggregate consideration in excess of £15.0 million for such Affiliate Transactions in any fiscal year, *unless*:

- (1) the terms of such Affiliate Transaction are not materially less favorable, taken as a whole, to the Company or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction in arm’s-length dealings with a Person who is not such an Affiliate; and
- (2) in the event such Affiliate Transaction involves an aggregate consideration in excess of £100.0 million, the terms of such transaction have been approved by a majority of the members of the Board of Directors of the Company.

The preceding paragraph will not apply to:

- (1) any Restricted Payment permitted to be made pursuant to the covenant described under “—*Limitation on Restricted Payments*” or any Permitted Investment;
- (2) any issuance or sale of Capital Stock, options, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of the Company or any Parent, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultant plans (including, without limitation, valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) and/or indemnities provided on behalf of officers, employees or directors or consultants approved by the Board of Directors of the Company, in each case in the ordinary course of business;
- (3) loans or advances to employees, officers or directors in the ordinary course of business of the Company or any of the Restricted Subsidiaries but in any event not to exceed £10.0 million in the aggregate outstanding at any one time with respect to all loans or advances made since the Issue Date;
- (4) (a) any transaction between or among the Company and a Restricted Subsidiary (or an entity that becomes a Restricted Subsidiary in connection with such transaction) or between or among Restricted Subsidiaries (or an entity that becomes a Restricted Subsidiary in connection with such transaction); and (b) any guarantees issued by the Company or a Restricted Subsidiary for the benefit of the Company or a Restricted Subsidiary (or an entity that becomes a Restricted Subsidiary in connection with such transaction), as the case may be, in accordance with “—*Limitation on Indebtedness*”;
- (5) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business and otherwise in compliance with the terms of the Indenture, which, taken as a whole, are fair to the Company or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors or the senior management of the Company or the relevant Restricted Subsidiary, as applicable, or are on terms not materially less favorable than those that could reasonably have been obtained at such time from an unaffiliated party;
- (6) loans or advances to any Affiliate of the Company by the Company or any Restricted Subsidiary, *provided* that the terms of such loan or advance are fair to the Company or the relevant Restricted Subsidiary, as the case may be, in the reasonable determination of the Board of Directors or senior management of the Company or are on terms not materially less favorable than those that could reasonably have been obtained from an unaffiliated party;
- (7) the payment of reasonable and customary fees paid to, and indemnity provided on behalf of, directors of the Company or any Restricted Subsidiary;
- (8) the performance of obligations of the Company or any of the Restricted Subsidiaries under (a) the terms of any agreement to which the Company or any of the Restricted Subsidiaries is a party as of or on the Issue Date or (b) any agreement entered into after the Issue Date on substantially similar terms to an agreement under clause (a) of this paragraph (8), in each case, as these agreements may be amended, modified, supplemented, extended or renewed from time to time; *provided, however*,

that any such agreement or amendment, modification, supplement, extension or renewal to such agreement, in each case, entered into after the Issue Date will be permitted to the extent that its terms are not materially more disadvantageous to the holders of the Notes than the terms of the agreements in effect on the Issue Date;

- (9) sales or other transfers or dispositions of accounts receivable and other related assets customarily transferred in an asset securitization transaction involving accounts receivable to a Receivables Entity in a Qualified Receivables Transaction, and acquisitions of Permitted Investments in connection with a Qualified Receivables Transaction;
- (10) the issuance of Capital Stock or any options, warrants or other rights to acquire Capital Stock (other than Disqualified Stock) of the Company to any Affiliate;
- (11) the payment to any Permitted Holder of all reasonable expenses Incurred by any Permitted Holder in connection with its direct or indirect investment in the Company and its Subsidiaries and unpaid amounts accrued for prior periods (but after the Issue Date);
- (12) the payment to any Parent or Permitted Holder (1) of Management Fees (a) on a bona fide arm's-length basis in the ordinary course of business or (b) of up to the greater of £15.0 million and 0.5% of Total Assets in any calendar year, (2) for financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including without limitation in connection with acquisitions or divestitures, which payments are approved by a majority of the members of the Board of Directors of the Company or (3) of Parent Expenses;
- (13) guarantees of Indebtedness and other obligations otherwise permitted under the Indenture;
- (14) if not otherwise prohibited under the Indenture, the issuance of Capital Stock (other than Disqualified Stock) or Subordinated Shareholder Loans (including the payment of cash interest thereon; *provided* that, after giving *pro forma* effect to any such cash interest payment, the Consolidated Net Leverage Ratio would not exceed 4.00 to 1.00) of the Company to any direct Parent of the Company or any Permitted Holder;
- (15) arrangements with customers, clients, suppliers, contractors, lessors or sellers of goods or services that are negotiated with an Affiliate, in each case, which are otherwise in compliance with the terms of the Indenture; *provided* that the terms and conditions of any such transaction or agreement as applicable to the Company and the Restricted Subsidiaries, taken as a whole are fair to the Company and the Restricted Subsidiaries and are on terms not materially less favorable to the Company and the Restricted Subsidiaries than those that could have reasonably been obtained in respect of an analogous transaction or agreement that would not constitute an Affiliate Transaction (in each case, as determined in good faith by the Board of Directors or the senior management of the Company);
- (16) (a) transactions with Affiliates in their capacity as holders of Indebtedness or Capital Stock of the Company or any Restricted Subsidiary, so long as such Affiliates are not treated materially more favorably than holders of such Indebtedness or Capital Stock generally, and (b) transactions with Affiliates in their capacity as borrowers of Indebtedness from the Issuer, the Company or any Restricted Subsidiary, so long as such Affiliates are not treated materially more favorably than holders of such Indebtedness generally;
- (17) any tax sharing agreement or arrangement and payments pursuant thereto between or among the Ultimate Parent, the Company, the Issuer or any other Person or a Restricted Subsidiary not otherwise prohibited by the Indenture and any payments or other transactions pursuant to a tax sharing agreement between the Company and any other Person or a Restricted Subsidiary and any other Person with which the Company or any of the Restricted Subsidiaries files a consolidated tax return or with which the Company or any of the Restricted Subsidiaries is part of a group for tax purposes;
- (18) transactions relating to the provision of Intra-Group Services in the ordinary course of business;
- (19) transactions between any Restricted Subsidiary and Virgin Media Finance and/or Virgin Media Communications, or between the Company and Virgin Media Finance and/or Virgin Media Communications, in each case, to effect or facilitate a transfer of any property or asset from the Company and/or any Restricted Subsidiary to another Restricted Subsidiary and/or the Company, as applicable;
- (20) any transaction reasonably necessary to effect the UPC Ireland Acquisition;
- (21) any transaction reasonably necessary to effect the Post-Closing Reorganizations;

- (22) any transaction in the ordinary course of business between or among the Company or any Restricted Subsidiary and any Affiliate of the Company that is an Unrestricted Subsidiary or a joint venture or similar entity (including a Permitted Joint Venture) that would constitute an Affiliate Transaction solely because the Company or a Restricted Subsidiary owns an equity interest in or otherwise controls such Unrestricted Subsidiary, joint venture or similar entity; and
- (23) commercial contracts entered into in the ordinary course of business between an Affiliate of the Company and the Company or any Restricted Subsidiary that are on arm's length terms or on a basis that senior management of the Company reasonably believes allocates costs fairly.

#### ***Limitation on Issuances of Guarantees of Indebtedness by Restricted Subsidiaries***

No Restricted Subsidiary (other than the Issuer or a Guarantor) shall guarantee or otherwise become obligated under any Indebtedness under the Senior Credit Facility or any Existing Senior Secured Notes or guarantee any other Indebtedness of the Issuer or any Guarantor in an amount in excess of £50 million, unless such Restricted Subsidiary is or becomes an Additional Guarantor on the date on which such other guarantee or Indebtedness is Incurred (or as soon as reasonably practicable thereafter) and, if applicable, executes and delivers to the Trustee a supplemental indenture in the form attached to the Indenture pursuant to which such Restricted Subsidiary will provide an Additional Subsidiary Guarantee (which Additional Subsidiary Guarantee shall be senior to or *pari passu* with such Restricted Subsidiary's guarantee of such other Indebtedness); *provided that*,

- (1) if such Restricted Subsidiary is not a Significant Subsidiary, such Restricted Subsidiary shall only be obligated to become an Additional Guarantor if such Indebtedness is Indebtedness of the Company, the Issuer or Public Debt of a Guarantor;
- (2) an Additional Guarantor's Additional Subsidiary Guarantee may be limited in amount to the extent required by fraudulent conveyance, thin capitalization, corporate benefit, financial assistance or other similar laws (but, in such a case (a) each of the Company and the Restricted Subsidiaries will use their reasonable best efforts to overcome the relevant legal limit and will procure that the relevant Restricted Subsidiary undertakes all whitewash or similar procedures which are legally available to eliminate the relevant limit and (b) the relevant guarantee shall be given on an equal and ratable basis with the guarantee of any other Indebtedness giving rise to the obligation to guarantee the Notes); and
- (3) for so long as it is not permissible under applicable law for a Restricted Subsidiary to become an Additional Guarantor, such Restricted Subsidiary need not become an Additional Guarantor (but, in such a case, each of the Company and the Restricted Subsidiaries will use their reasonable best efforts to overcome the relevant legal prohibition precluding the giving of the guarantee and will procure that the relevant Restricted Subsidiary undertakes all whitewash or similar procedures which are legally available to eliminate the relevant legal prohibition, and shall give such guarantee at such time (and to the extent) that it thereafter becomes permissible).

The preceding paragraph shall not apply to: (1) the granting by such Restricted Subsidiary of a Permitted Lien under circumstances which do not otherwise constitute the guarantee of Indebtedness of the Issuer; or (2) the guarantee by any Restricted Subsidiary of Indebtedness that refinances Indebtedness which benefited from a guarantee by any Restricted Subsidiary Incurred in compliance with this covenant immediately prior to such refinancing.

Notwithstanding the foregoing, any guarantee created pursuant to the provisions described in the foregoing paragraphs shall provide by its terms that it shall be automatically and unconditionally released and discharged upon the occurrence of any events described in clauses (1) through (13) under "*—Ranking of the Notes, Note Guarantees and Security—Note Guarantees—Releases*".

#### ***Reports***

So long as the Notes are outstanding, the Issuer will furnish to the Trustee without cost to the Trustee (who, at the Issuer's expense, will furnish to the holders), and, in each case of clauses (2) and (3) below, will post on its website (or make similar disclosure); *provided, however*, that to the extent any reports are filed on the SEC's website or the Company's or the Ultimate Parent's website, such reports shall be deemed to be furnished to the Trustee and the holders:

- (1) within 150 days after the end of each fiscal year ending subsequent to the Issue Date, an annual report of the Virgin Reporting Entity, containing the following information: (a) audited combined or

consolidated balance sheets of the Virgin Reporting Entity as of the end of the two most recent fiscal years and audited combined or consolidated income statements and statements of cash flow of the Virgin Reporting Entity for the two most recent fiscal years, in each case prepared in accordance with GAAP, including appropriate footnotes to such financial statements, and a report of the independent public accountants on the financial statements; (b) to the extent relating to such annual periods, an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition, liquidity and capital resources, and critical accounting policies; and (c) to the extent not included in the audited financial statements or operating and financial review, a description of the business, management and shareholders of the Virgin Reporting Entity and its Subsidiaries and a description of all material debt instruments; *provided, however*, that such reports need not (i) contain any segment data other than as required under GAAP in its financial reports with respect to the period presented, (ii) include any exhibits or (iii) include separate financial statements for any Affiliates of the Virgin Reporting Entity or any acquired businesses;

- (2) within 60 days after each of the first three fiscal quarters in each fiscal year, a quarterly report of the Virgin Reporting Entity containing the following information: (a) unaudited combined or consolidated financial statements of the Virgin Reporting Entity for such period, prepared in accordance with GAAP, and (b) a financial review of such period including a comparison against the prior year's comparable period), consisting of a discussion of (i) the results of operations and financial condition of the Virgin Reporting Entity on a consolidated basis, and material changes between the current period and the prior year's comparable period and (ii) material developments in the business of the Virgin Reporting Entity and its Subsidiaries, (c) financial information and trends in the business in which the Virgin Reporting Entity and its Subsidiaries are engaged and (d) information with respect to any material acquisition or disposal during the period *provided, however*, that such reports need not (i) contain any segment data other than as required under GAAP in its financial reports with respect to the period presented, (ii) include any exhibits or (iii) include separate financial statements for any Affiliates of the Virgin Reporting Entity or any acquired businesses; and
- (3) within 10 days after the occurrence of such event, information with respect to (a) any change in the independent public accountants of the Virgin Reporting Entity (unless such change is made in conjunction with a change in the auditor of the Ultimate Parent), (b) any material acquisition or disposal, and (c) any material development in the business of the Company and the Restricted Subsidiaries.

If the Company has designated any of the Restricted Subsidiaries as Unrestricted Subsidiaries and any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries constitute Significant Subsidiaries of the Company, then the annual and quarterly information required by clauses (1) and (2) of the first paragraph of this covenant shall include a reasonably detailed presentation, either on the face of the financial statements, in the footnotes thereto or in a separate report delivered therewith, of the financial condition and results of operations of the Company and the Restricted Subsidiaries separate from the financial condition and results of operations of such Unrestricted Subsidiaries.

Following any election by the Company to change its accounting principles in accordance with the definition of GAAP set forth below under "*Certain Definitions*," the annual and quarterly information required by clauses (1) and (2) of the first paragraph of this covenant shall include any reconciliation presentation required by clause 2(a) of the definition of GAAP set forth below under "*Certain Definitions*."

To the extent any material differences exist between the business, assets, results of operations or financial condition of the Virgin Reporting Entity and the Company (excluding, for the avoidance of doubt, the effect of any intercompany balances between the Virgin Reporting Entity and the Company and its Subsidiaries), the annual and quarterly reports shall give a reasonably detailed description of such differences and include an unaudited reconciliation of the Company's financial statements to the financial statements of the Virgin Reporting Entity.

Notwithstanding the foregoing, the Company may satisfy its obligations under clauses (1) and (2) of the first paragraph of this covenant by delivering the corresponding consolidated annual and quarterly reports of Virgin Media Finance or any Parent of Virgin Media Finance and, following such election, references in this covenant to the "Virgin Reporting Entity" shall be deemed to refer to Virgin Media Finance or any Parent of Virgin Media Finance (as the case may be).

In addition, so long as the Notes remain outstanding and during any period during which the Issuer is not subject to Section 13 or 15(d) of the Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b) of the Exchange Act, the Issuer shall furnish to the holders of the Notes and to prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

### ***Merger and Consolidation***

No Parent Guarantor will consolidate with, or merge with or into, or convey, transfer or lease all or substantially all of its assets to, any Person, unless:

- (1) the resulting, surviving or transferee Person (the “**Successor Company**”) will be a corporation, partnership, trust or limited liability company organized and existing under the laws of any member of the state of the European Union that is a member of the European Union on the Issue Date, Bermuda, the Cayman Islands, or the United States of America, any State of the United States or the District of Columbia and the Successor Company (if not the Issuer or such Parent Guarantor) will expressly assume, by supplemental indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of such Parent Guarantor under the Notes and the Indenture and expressly assumes all obligations of such Parent Guarantor under the Security Documents to which it is a party and the Intercreditor Deeds pursuant to agreements reasonably satisfactory to the Trustee;
- (2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Company or any Subsidiary of the Successor Company as a result of such transaction as having been Incurred by the Successor Company or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;
- (3) either (a) immediately after giving effect to such transaction, the Company and the Restricted Subsidiaries, if it is a surviving corporation, or the Successor Company, would be able to Incur at least an additional £1.00 of Indebtedness pursuant to the first paragraph of the covenant described under “—*Limitation on Indebtedness*” or (b) the Consolidated Net Leverage Ratio of the Company, if it is a surviving corporation, or the Successor Company, would be no greater than that of the Company immediately prior to giving effect to such transaction; and
- (4) the Company shall have delivered to the Trustee an Officer’s Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer complies with the Indenture; *provided that* in giving such opinion, such counsel may rely on an Officer’s Certificate as to compliance with clauses (2) and (3) above and as to any matters of fact.

The Issuer will not consolidate with, or merge with or into, or convey, transfer or lease all or substantially all its assets to, any Person, unless:

- (1) the Successor Company will be a corporation, partnership, trust or limited liability company organized and existing under the laws of any member of the state of the European Union that is a member of the European Union on the Issue Date, Bermuda, the Cayman Islands, or the United States of America, any State of the United States or the District of Columbia and the Successor Company (if not the Issuer) will expressly assume, by supplemental indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of the Issuer under the Notes and the Indenture and expressly assumes all obligations of the Issuer under the Security Documents to which it is a party and the Intercreditor Deeds pursuant to agreements reasonably satisfactory to the Trustee;
- (2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Company or any Subsidiary of the Successor Company as a result of such transaction as having been Incurred by the Successor Company or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;
- (3) either (a) immediately after giving effect to such transaction, the Issuer or such Successor Company and the Restricted Subsidiaries would be able to Incur at least an additional £1.00 of Indebtedness pursuant to the first paragraph of the covenant described under “—*Limitation on Indebtedness*” or (b) the Consolidated Net Leverage Ratio of the Company and the Restricted Subsidiaries (including such Successor Company) or such Successor Company would be no greater than that of the Issuer immediately prior to giving effect to such transaction; and
- (4) the Issuer shall have delivered to the Trustee an Officer’s Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer complies with the Indenture; *provided that*

in giving such opinion, such counsel may rely on an Officer's Certificate as to compliance with clauses (2) and (3) above and as to any matters of fact.

A Subsidiary Guarantor will not consolidate with, or merge with or into, or convey, transfer or lease all or substantially all its assets to, any Person, other than the Company or another Subsidiary Guarantor (other than in connection with a transaction that does not constitute an Asset Disposition or a transaction that is permitted under "*—Limitation on Sales of Assets and Subsidiary Stock*"), unless:

- (1) immediately after giving effect to that transaction, no Default or Event of Default shall have occurred and be continuing; and
- (2) either:
  - (a) the Successor Company assumes all the obligations of that Guarantor under its Note Guarantee, the Indenture, the Intercreditor Deeds and the Security Documents to which such Guarantor is a party pursuant to agreements reasonably satisfactory to the Trustee; or
  - (b) the Net Cash Proceeds of such sale or other disposition are applied in accordance with the applicable provisions of the Indenture.

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Issuer or a Guarantor which properties and assets, if held by the Issuer or such Guarantor, as applicable, instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Issuer or such Guarantor, as applicable, on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Issuer or such Guarantor, as applicable.

The Successor Company will succeed to, and be substituted for, and may exercise every right and power of, the relevant Guarantor or the relevant Issuer, as the case may be, under the Indenture, and upon such substitution, the predecessor to such Guarantor or the Issuer, as the case may be, will be released from its obligations under the Indenture and the Notes, but, in the case of a lease of all or substantially all its assets, the predecessor to such Guarantor or the Issuer will not be released from the obligation to pay the principal of and interest on the Notes.

Although there is a limited body of case law interpreting the phrase "substantially all", there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

The provisions set forth in this "*Merger and Consolidation*" covenant shall not restrict (and shall not apply to): (a) any Restricted Subsidiary that is not a Subsidiary Guarantor from consolidating with, merging or liquidating into or transferring all or substantially all of its properties and assets to the Company, the Issuer, a Subsidiary Guarantor or any other Restricted Subsidiary that is not a Subsidiary Guarantor; (b) any Subsidiary Guarantor from merging or liquidating into or transferring all or part of its properties and assets to the Company, the Issuer or another Subsidiary Guarantor; (c) any consolidation or merger of the Company, the Issuer into any Guarantor, provided that, for the purposes of this clause (c), if the Issuer is not the surviving entity of such merger or consolidation, the relevant Guarantor will assume the obligations of the Issuer under the Notes, the Indenture, the Intercreditor Deeds, any Additional Intercreditor Deeds and the Security Documents and clauses (1) and (4) under the second paragraph of this covenant shall apply to such transaction; (d) any Parent Guarantor from consolidating with, merging into or transferring all or part of its properties and assets to any other Parent Guarantor; and (e) the Company, the Issuer or any Guarantor consolidating into or merging or combining with an Affiliate incorporated or organized for the purpose of changing the legal domicile of such entity, reincorporating such entity in another jurisdiction, or changing the legal form of such entity, *provided* that, for the purposes of this clause (e), clauses (1), (2) and (4) under the first or second paragraphs of this covenant or clauses (1) or (2) under the third paragraph of this covenant, as the case may be, shall apply to any such transaction.

### ***Impairment of Security Interests***

The Company shall not, and shall not permit any Restricted Subsidiary to, take or omit to take any action that would have the result of materially impairing the security interest with respect to the Collateral granted under the Security Documents (it being understood, subject to the proviso below, that the Incurrence of Permitted Liens shall under no circumstances be deemed to materially impair any security interest with respect to the Collateral granted under the Security Documents) for the benefit of the Trustee and the holders, and the

Company shall not, and shall not permit any Restricted Subsidiary to, grant to any Person other than the Security Trustee, for the benefit of the Trustee and the holders and the other beneficiaries described in the Security Documents, any interest whatsoever in any of the Collateral, except that (1) the Company and the Restricted Subsidiaries may Incur Permitted Liens, (2) the Collateral may be discharged and released in accordance with the Indenture, the Security Documents, the Intercreditor Deeds or any Additional Intercreditor Deed, and (3) the Company may consummate any other transaction permitted under “—*Merger and Consolidation*”; *provided, however*, that, except with respect to any discharge or release of Collateral in accordance with the Indenture, the Security Documents, the Intercreditor Deeds or any Additional Intercreditor Deed, in connection with the Incurrence of Liens for the benefit of the Trustee and holders of Notes, no Security Document may be amended, extended, renewed, restated, supplemented or otherwise modified or replaced, except that, at the direction of the Company and without the consent of the holders of the Notes, the Trustee and the Security Trustee may from time to time (subject to customary protections and indemnifications from the Company) enter into one or more amendments to the Security Documents to: (a) cure any ambiguity, omission, defect or inconsistency therein; (b) provide for Permitted Liens; (c) make any change necessary or desirable, in the good faith determination of the Company in order to implement transactions permitted under “—*Merger and Consolidation*”; (d) provide for the release of any security interest on any properties and assets constituting Collateral from the Lien of the Security Documents, provided that such release is followed by the substantially concurrent re-taking of a Lien of at least equivalent priority over the same properties and assets securing the Notes or any Note Guarantee and (e) make any other change that does not adversely affect the holders of the Notes in any material respect, *provided* that, contemporaneously with any such action in clauses (b), (d) and (e), the Company delivers to the Trustee, either (i) a solvency opinion, in form and substance reasonably satisfactory to the Trustee from an Independent Financial Advisor confirming the solvency of the Company and the Restricted Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement, (ii) a certificate from the responsible financial or accounting officer of the relevant Grantor (acting in good faith) which confirms the solvency of the person granting such security interest after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement or (iii) an Opinion of Counsel, in form and substance reasonably satisfactory to the Trustee, confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement, the Lien or Liens created under the Security Documents, as applicable, so amended, extended, renewed, restated, supplemented, modified or replaced, are valid Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification or replacement. In the event that the Company complies with the requirements of this covenant, the Trustee shall (subject to customary protections and indemnifications) consent to any such amendment, extension, renewal, restatement, supplement, modification or replacement without the need for instructions from holders.

#### ***Intercreditor Deeds; Additional Intercreditor Deeds***

The Trustee will become party to the Intercreditor Deeds by executing an accession and/or amendment thereto on or about the Issue Date, and each holder, by accepting such Note, will be deemed to have (1) authorized the Trustee to enter into the Intercreditor Deeds, (2) agreed to be bound by all the terms and provisions of the Intercreditor Deeds applicable to such holder and (3) irrevocably appointed each of the Trustee and the Security Trustee to act on its behalf and to perform the duties and exercise the rights, powers and discretions that are specifically given to them under the Intercreditor Deeds.

The Indenture provides that, at the request of the Company, in connection with the Incurrence by the Issuer or any Guarantor of any Indebtedness that is permitted to share the Collateral pursuant to the definition of Permitted Lien, the Issuer, the relevant Guarantors and the Trustee shall enter into with the holders of such Indebtedness (or their duly authorized Representatives) an intercreditor agreement, including a restatement, amendment or other modification of either of the Intercreditor Deeds (an “**Additional Intercreditor Deed**”), on substantially the same terms (other than, prior to an Enforcement Control Event, with respect to rights to provide notice or instructions or other administrative matters) as the relevant Intercreditor Deed (or terms not materially less favorable to the holders), including with respect to the subordination, payment blockage, limitation on enforcement and release of guarantees, priority and release of any security interest in respect of the Collateral or other terms which become customary for similar agreements; *provided, further*, that such Additional Intercreditor Deed will not impose any personal obligations on the Trustee or adversely affect the personal rights, duties, liabilities or immunities of the Trustee under the Indenture or the Intercreditor Deeds. For the avoidance of doubt, subject to the foregoing and the succeeding paragraph, any such Additional Intercreditor Deed may provide for *pari passu* or subordinated security interests in respect of any such Indebtedness (to the extent such Indebtedness is permitted to share the Collateral pursuant to the definition of Permitted Lien).



At the direction of the Company and without the consent of the holders of the Notes, the Trustee and the Security Trustee will upon direction of the Company from time to time enter into one or more amendments to the Intercreditor Deeds or any Additional Intercreditor Deed to: (a) cure any ambiguity, omission, defect or inconsistency therein; (b) add Guarantors or other parties (such as representatives of new issuances of Indebtedness) thereto; (c) further secure the Notes (including Additional Notes); (d) make provision for equal and ratable grants of Liens on the Collateral to secure Additional Notes or to implement any Permitted Liens; (e) make any other change to the Intercreditor Deeds or such Additional Intercreditor Deed to provide for additional Indebtedness (including with respect to any Intercreditor Deed or Additional Intercreditor Deed, the addition of provisions relating to new Indebtedness ranking junior in right of payment to the Notes) or other obligations that are permitted by the terms of the Indenture to be Incurred and secured by a Lien on the Collateral on a senior, *pari passu* or junior basis with the Liens securing the Notes or the Note Guarantees, (f) add Restricted Subsidiaries to the Intercreditor Deeds or an Additional Intercreditor Deed, (g) amend the Intercreditor Deeds or any Additional Intercreditor Deed in accordance with the terms thereof or; (h) make any change necessary or desirable, in the good faith determination of the Board of Directors or senior management of the Company, in order to implement any transaction that is subject to the covenants described under the caption “—*Merger and Consolidation*”; (i) implement any transaction in connection with the renewal, extension, refinancing, replacement or increase of the Credit Facilities that is not prohibited by the Indenture; or (j) make any other change thereto that does not adversely affect the rights of the holders of the Notes in any material respect; *provided* that no such changes shall be permitted to the extent they affect the ranking of any Note or Note Guarantee, enforcement of Liens over the Collateral, the application of proceeds from the enforcement of Collateral or the release of any Note Guarantees or Security in a manner than would adversely affect the rights of the holders of the Notes in any material respect except as otherwise permitted by the Indenture, the Intercreditor Deeds or any Additional Intercreditor Deed immediately prior to such change. The Company will not otherwise direct the Trustee or the Security Trustee to enter into any amendment to either of the Intercreditor Deeds or, if applicable, any Additional Intercreditor Deed, without the consent of the holders of a majority in principal amount of the outstanding Notes outstanding, except as otherwise permitted below under “—*Amendments and Waivers*”, and the Company may only direct the Trustee and the Security Agent to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or Security Agent or, in the opinion of the Trustee or Security Agent, adversely affect their respective rights, duties, liabilities or immunities under the Indenture or the Intercreditor Deeds or any Additional Intercreditor Deed.

Each holder, by accepting such Note, will be deemed to have:

- (a) appointed and authorized the Trustee and the Security Trustee from time to time to give effect to such provisions;
- (b) authorized each of the Trustee and the Security Trustee from time to time to become a party to any Additional Intercreditor Deed and any document giving effect to such amendments to either of the Intercreditor Deeds or any Additional Intercreditor Deed;
- (c) agreed to be bound by such provisions and the provisions of any Additional Intercreditor Deed and any document giving effect to such amendments to either of the Intercreditor Deeds or any Additional Intercreditor Deed; and
- (d) irrevocably appointed the Trustee and the Security Trustee to act on its behalf from time to time to enter into and comply with such provisions and the provisions of any Additional Intercreditor Deed and of any document giving effect to such amendments to either of the Intercreditor Deeds or any Additional Intercreditor Deed,

in each case, without the need for the consent of the holders.

The Indenture will also provide that, in relation to the Intercreditor Deeds or an Additional Intercreditor Deed, the Trustee shall consent on behalf of the holders to the payment, repayment, purchase, repurchase, defeasance, acquisition, retirement or redemption of any obligations subordinated to the Notes thereby; *provided, however*, that such transaction would comply with the covenant described under “—*Limitation on Restricted Payments*”.

#### ***Amendments to Senior Credit Facility***

The Company will not, and will not permit any of the Restricted Subsidiaries to (i) consent to any amendments to clause (b) of *the* definition of “Instructing Group” in the Senior Credit Facility that are materially adverse to the holders of the Notes or (ii) enter into any other Credit Facility that refinances the Senior Credit Facility that includes a definition of “Instructing Group” that is less favorable to the holders of the

Notes than the definition of “Instructing Group” in the Senior Credit Facility with respect to the matters covered by clause (b) thereof.

In the event each Intercreditor Deed is amended in accordance with its terms and the Indenture (or replaced with an Additional Intercreditor Deed in accordance with the terms of the Indenture) to provide for proportional voting rights for all senior secured creditors in respect of enforcement of security (including instructions related thereto and releases thereof), removal and replacement of the Security Trustee and amendments to such Intercreditor Deed, this covenant shall have no further force or effect.

### ***Suspension of Covenants on Achievement of Investment Grade Status***

If, during any period after the Issue Date, the Notes have achieved and continue to maintain Investment Grade Status and no Event of Default has occurred and is continuing (such period hereinafter referred to as an “**Investment Grade Status Period**”), then the Company will notify the Trustee of this fact and beginning on such date, the covenants in the Indenture described under “—*Limitation on Indebtedness*,” “—*Limitation on Restricted Payments*,” “—*Limitation on Restrictions on Distributions from Restricted Subsidiaries*,” “—*Limitation on Sales of Assets and Subsidiary Stock*,” “—*Limitation on Affiliate Transactions*”, and under “—*Change of Control*,” the provisions of clause (3) of the first and the second paragraphs of the covenant described under “—*Merger and Consolidation*” and any related default provisions of the Indenture will be suspended and will not, during such Investment Grade Status Period, be applicable to the Company and the Restricted Subsidiaries. As a result, during any such Investment Grade Status Period, the Notes will lose a significant amount of the covenant protection initially provided under the Indenture. No action taken during an Investment Grade Status Period or prior to an Investment Grade Status Period in compliance with the covenants then applicable will require reversal or constitute a default under the Notes in the event that suspended covenants are subsequently reinstated or suspended, as the case may be. An Investment Grade Status Period will terminate immediately upon the failure of the Notes to maintain Investment Grade Status (the “**Reinstatement Date**”). The Company will promptly notify the Trustee in writing of any failure of the Notes to maintain Investment Grade Status and the Reinstatement Date.

### **Events of Default**

Each of the following is an “Event of Default” under the Indenture:

- (1) default in any payment of interest or Additional Amounts on any Note when due, which has continued for 30 days;
- (2) default in the payment of principal of or premium, if any, on any Note when due at its Stated Maturity, upon optional redemption, upon required repurchase or otherwise;
- (3) failure by the Issuer or any Guarantor to comply for 60 days after notice specified in the Indenture with its other agreements contained in the Notes, the Indenture, the Security Documents, the Intercreditor Deeds or any Additional Intercreditor Deed; *provided, however*, that the Issuer or any Guarantor shall have 90 days after receipt of such notice to remedy, or receive a waiver for, any failure to comply with the obligations to file annual, quarterly and current reports in accordance with the covenant described under “—*Certain Covenants—Reports*” so long as the Issuer or any Guarantor are attempting to cure such failure as promptly as reasonably practicable;
- (4) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of the Restricted Subsidiaries (or the payment of which is guaranteed by the Company or any of the Restricted Subsidiaries), other than Indebtedness owed to the Company or a Restricted Subsidiary, whether such Indebtedness or guarantee now exists, or is created after the date of the Indenture, which default:
  - (a) is caused by a failure to pay principal of such Indebtedness at its Stated Maturity after giving effect to any applicable grace period provided in such Indebtedness (“**payment default**”); or
  - (b) results in the acceleration of such Indebtedness prior to its maturity (the “**cross acceleration provision**”);

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates £75.0 million or more;

- (5) certain events of bankruptcy, insolvency or reorganization of the Issuer, the Company or any other Guarantor or a Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of

the latest audited consolidated financial statements delivered to the holders of the Notes pursuant to the covenant described under “—*Certain Covenants—Reports*”), would constitute a Significant Subsidiary (the “**bankruptcy provisions**”) have been commenced;

- (6) failure by the Issuer, the Company, any other a Guarantor or any Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements delivered to the holders of the Notes pursuant to the covenant described under “—*Certain Covenants—Reports*”), would constitute a Significant Subsidiary, to pay final judgments aggregating in excess of £75.0 million (net of any amounts that a solvent insurance company has acknowledged liability for), which judgments are not paid, discharged or stayed for a period of 60 days (the “**judgment default provision**”);
- (7) any Note Guarantee of a Significant Subsidiary ceases to be in full force and effect (except in accordance with the terms of the Indenture) or is declared invalid or unenforceable in a judicial proceeding and such Default continues for 30 days after the notice specified in the Indenture; or
- (8) with respect to any Collateral having a fair market value in excess of £100 million, individually or in the aggregate, (a) the failure of the Lien with respect to such Collateral under the Security Documents, at any time, to be in full force and effect in any material respect for any reason other than in accordance with their terms and the terms of the Indenture and other than the satisfaction in full of all obligations under the Indenture and discharge of the Indenture if such Default continues for 60 days after receipt of notice specified in the Indenture by the Trustee of such event, (b) the declaration by any court of competent jurisdiction in a judicial proceeding that the Lien with respect to such Collateral created under the Security Documents or under the Indenture is invalid or unenforceable, if such Default continues for 60 days or (c) the assertion in writing by the Company, the Issuer or any Guarantor, in any pleading in any court of competent jurisdiction, that any such Lien is invalid or unenforceable and any such Default continues for 60 days.

However, a default under clauses (3), (7) or (8) of the immediately preceding paragraph will not constitute an Event of Default until the Trustee or the holders of 25% in principal amount of the outstanding Notes notify the Company of the default and the Company does not cure such default within the time specified in clauses (3), (7) or (8) of the immediately preceding paragraph after receipt of such notice.

If an Event of Default (other than an Event of Default described in clause (5) above) occurs and is continuing, the Trustee by notice to the Company, or the holders of at least 25% in principal amount of the outstanding Notes by notice to the Company and the Trustee, may, and the Trustee at the request of such holders shall, declare the principal of, premium, if any, and accrued and unpaid interest, if any, and Additional Amounts, if any, on all the Notes to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest and Additional Amounts, if any, will be due and payable immediately. In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (4) under “—*Events of Default*” has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (4) shall be remedied or cured by the Company or any of the Restricted Subsidiaries or waived by the holders of the relevant Indebtedness within 20 days after the declaration of acceleration with respect thereto and if (a) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (b) all existing Events of Default, except non-payment of principal, premium or interest and Additional Amounts, if any, on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived. If an Event of Default described in clause (5) above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest and Additional Amounts, if any, on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any holders. The holders of a majority in principal amount of the outstanding Notes may waive all past defaults (except with respect to non-payment of principal, premium, interest or Additional Amounts) and rescind any such acceleration with respect to the Notes and its consequences if (a) rescission would not conflict with any judgment or decree of a court of competent jurisdiction, (b) all existing Events of Default, other than the non-payment of the principal of, premium, if any, interest and Additional Amounts, if any, on the Notes that have become due solely by such declaration of acceleration, have been cured or waived; and (c) the Company has paid the Trustee its reasonable compensation and reimbursed the Trustee for its reasonable expenses, disbursements and advances.

Subject to the provisions of the Indenture relating to the duties of the Trustee, if an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the holders unless such holders have offered to the Trustee indemnity or security satisfactory to the Trustee against any loss, liability or expense. Except to enforce the right

to receive payment of principal, premium, if any, interest or Additional Amounts, if any, when due, no holder may pursue any remedy with respect to the Indenture or the Notes *unless*:

- (1) such holder has previously given the Trustee written notice that an Event of Default is continuing;
- (2) holders of at least 50% in principal amount of the outstanding Notes have requested the Trustee to pursue the remedy;
- (3) such holders have offered the Trustee security or indemnity satisfactory to the Trustee against any loss, liability or expense;
- (4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security or indemnity; and
- (5) the holders of a majority in principal amount of the outstanding Notes have not given the Trustee a direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

Subject to certain restrictions, the holders of a majority in principal amount of the outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Indenture provides that in the event an Event of Default has occurred and is continuing, the Trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use under the circumstances in the conduct of its own affairs. The Trustee, however, may refuse to follow any direction that conflicts with law, the Indenture or the Intercreditor Deeds or any Additional Intercreditor Deed or that the Trustee determines is unduly prejudicial to the rights of any other holder or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to security or indemnification satisfactory to it in its sole discretion against all losses and expenses caused by taking or not taking such action.

The Indenture provides that if a Default occurs and is continuing and is actually known to the Trustee, the Trustee must give notice of the Default within 90 days after it occurs. Except in the case of a Default in the payment of principal of, premium, if any, interest or Additional Amounts, if any, on any Note, the Trustee may withhold notice if and so long as a committee of trust officers of the Trustee in good faith determines that withholding notice is in the interests of the holders. In addition, the Company is required to deliver to the Trustee, within 120 days after the end of each fiscal year, a certificate indicating whether the signers thereof know of any Default that occurred during the previous year. The Company also is required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any events of which it is aware which would constitute certain Defaults, their status and what action the Company is taking or proposing to take in respect thereof.

#### ***Amendments and Waivers***

Subject to certain exceptions, the Indenture, the Notes, the Security Documents, the Intercreditor Deeds and any Additional Intercreditor Deed, may be amended or supplemented with the consent of the holders of a majority in principal amount of the Notes then outstanding (including without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes) and, subject to certain exceptions, any past default or compliance with any provisions of the Indenture, the Notes, the Intercreditor Deeds, any Additional Intercreditor Deed or the Security Documents may be waived with the consent of the holders of a majority in principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes). However, unless consented to by the holders of at least 90% of the aggregate principal amount of then outstanding Notes, an amendment may not:

- (1) reduce the principal amount of Notes whose holders must consent to an amendment or waiver;
- (2) reduce the stated rate of or extend the stated time for payment of interest or Additional Amounts on any Note;
- (3) reduce the principal of or extend the Stated Maturity of any Note;
- (4) whether through an amendment or waiver of provisions in the covenants, definitions or otherwise (i) reduce the premium payable upon the redemption of any Note or change the time at which any Note may be redeemed as described above under “—*Optional Redemption*” (other than the notice provisions) or (ii) reduce the premium payable upon repurchase of any Note or change the time at which any Note is to be repurchased as described under “—*Certain Covenants—Change of Control*” or “—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*” at any time after the obligation to repurchase has arisen;

- (5) make any Note payable in money other than that stated in the Note (except to the extent the currency stated in the Notes has been succeeded or replaced pursuant to applicable law);
- (6) impair the right of any holder to receive payment of, premium, if any, principal of or interest or Additional Amounts, if any, on such holder's Notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such holder's Notes;
- (7) modify the Note Guarantees in any manner materially adverse to the holders of the Notes, except in accordance with the terms of the Indenture, the Intercreditor Deeds or any Additional Intercreditor Deed; or
- (8) make any change in the amendment or waiver provisions described in this sentence.

In addition, without the consent of at least 75% in aggregate principal amount of Notes then outstanding, no amendment or supplement may:

- (9) release or modify any Guarantor (including the Company) from any of its obligations under its Note Guarantee, except in accordance with the terms of the Indenture; and
- (10) modify any Security Document or the provisions in the Indenture dealing with Security Documents or application of trust moneys in any manner, taken as a whole, materially adverse to the holders or otherwise release all or substantially all of the Collateral except in accordance with the terms of the Security Documents, the Intercreditor Deeds, any applicable Additional Intercreditor Deed or the Indenture; and

Notwithstanding the foregoing, without the consent of any holder, the Issuer and the Trustee may amend the Indenture, the Notes, the Intercreditor Deeds, any Additional Intercreditor Deed and the Security Documents to:

- (1) cure any ambiguity, omission, defect or inconsistency;
- (2) provide for the assumption by a Successor Company of the obligations of the Issuer under the Indenture, the Notes, the Intercreditor Deeds, any Additional Intercreditor Deed, and the Security Documents;
- (3) provide for uncertificated Notes in addition to or in place of certificated Notes;
- (4) add guarantees with respect to the Notes;
- (5) secure the Notes;
- (6) add to the covenants of the Issuer for the benefit of the holders or surrender any right or power conferred upon the Issuer;
- (7) make any change that does not adversely affect the rights of any holder in any material respect;
- (8) release the security interests created by the Security Documents or Note Guarantees as provided by the terms of the Indenture;
- (9) issue Additional Notes in accordance with the terms of the Indenture;
- (10) give effect to Permitted Liens;
- (11) evidence and provide for the acceptance and appointment under the Indenture of a successor Trustee pursuant to the requirements thereof;
- (12) to the extent necessary to grant a security interest for the benefit of any Person; *provided* that the granting of such security interest is permitted by the Indenture or the Security Documents;
- (13) make any amendment to the provisions of the Indenture relating to the transfer and legending of Notes as permitted by the Indenture, including, without limitation to facilitate the issuance and administration of the Notes; provided, however, that (i) compliance with the Indenture as so amended would not result in Notes being transferred in violation of the Securities Act or any applicable securities law and (ii) such amendment does not materially and adversely affect the rights of holders to transfer Notes; or
- (14) to conform the text of the Indenture, the Notes, the Intercreditor Agreement and the Security Documents, to any provision of this "*Description of the Senior Secured Notes*" to the extent that such provision in this "*Description of the Senior Secured Notes*" was intended to be a verbatim recitation of the Indenture, the Notes, the Intercreditor Deeds or the Security Documents.

In formulating its opinion on such matters, the Trustee shall be entitled to require and rely on such evidence as it deems appropriate, including an Opinion of Counsel and an Officer's Certificate.

The consent of the holders is not necessary under the Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment. A consent to any amendment or waiver under the Indenture by any holder given in connection with a tender of such holder's Notes will not be rendered invalid by such tender. For so long as the Notes are listed on the Luxembourg Stock Exchange and the guidelines of such Stock Exchange so require, the Company will notify the Luxembourg Stock Exchange of any such amendment, supplement and waiver.

### ***Defeasance***

The Issuer at any time may terminate all of its obligations under the Notes and the Indenture ("**legal defeasance**"), except for certain obligations, including those respecting the defeasance trust and obligations to register the transfer or exchange of the Notes, to replace mutilated, destroyed, lost or stolen Notes and to maintain a registrar and paying agent in respect of the Notes.

The Issuer at any time may terminate its obligations under the covenants described under "*—Certain Covenants*" (other than clauses (1) and (2) under the second paragraph of "*—Certain Covenants—Merger and Consolidation*") and the default provisions relating to such covenants under "*—Events of Default*" above, the operation of the cross-default upon a payment default, the cross acceleration provisions, the bankruptcy provisions with respect to Significant Subsidiaries, the judgment default provision, the guarantee failure provision and the collateral failure provision, in each case, described under "*—Events of Default*" above and the limitations contained in clauses (3) and (4) under the second paragraph of "*—Certain Covenants—Merger and Consolidation*" above ("**covenant defeasance**").

The Issuer may exercise its legal defeasance option notwithstanding their prior exercise of their covenant defeasance option. If the Issuer exercises its legal defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect to the Notes. If the Issuer exercises its covenant defeasance option, payment of the Notes may not be accelerated because of an Event of Default specified in clauses (4), (5), (6), (7) (with respect only to Significant Subsidiaries), or (8) under "*—Events of Default*" above or because of the failure of the Issuer or any Parent Guarantor to comply with clauses (3) or (4) under the first and second paragraphs of "*—Certain Covenants—Merger and Consolidation*" above.

In order to exercise either defeasance option, the Issuer must irrevocably deposit in trust (the "**defeasance trust**") with the Trustee (or an agent nominated by the Trustee for such purpose) pounds sterling, sterling-denominated UK Government Obligations or a combination thereof for the payment of principal, premium, if any, interest and Additional Amounts, if any, on the Notes to redemption or maturity, as the case may be, and must comply with certain other conditions, including, among other things, delivery to the Trustee of an Opinion of Counsel (subject to customary exceptions and exclusions) to the effect that holders of the Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred. In the case of legal defeasance only, such Opinion of Counsel must be based on a ruling of the U.S. Internal Revenue Service or other change in applicable U.S. federal income tax law.

### ***Satisfaction and Discharge***

The Indenture, the Security Documents and the rights, duties and obligations of the Trustee and the holders under the Intercreditor Deeds or any Additional Intercreditor Deed will be discharged and will cease to be of further effect as to all Notes issued thereunder, when:

- (1) either:
  - (a) all Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to the Issuer, have been delivered to a Paying Agent or Registrar for cancellation; or
  - (b) (i) all Notes that have not been delivered to a Paying Agent or Registrar for cancellation (A) have become due and payable by reason of the mailing or delivery of a notice of redemption or otherwise or (B) will become due and payable within one year and (ii) the Issuer or a Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the holders, cash, Cash Equivalents, UK

Government Obligations or a combination thereof, in each case, denominated in pounds sterling in amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not delivered to a Paying Agent or Registrar for cancellation for principal, premium and Additional Amounts (if any) and accrued interest to the date of maturity or redemption;

- (2) the Issuer or the Guarantor(s) has paid or caused to be paid all other amounts payable by it under the Indenture; and
- (3) the Company has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case may be.

In addition, the Company must deliver to the Trustee an Officer's Certificate and an opinion of counsel, in each case, stating that all conditions precedent to satisfaction and discharge have been satisfied.

### ***Currency Indemnity***

The sole currency of account and payment for all sums payable by the Issuer under the Indenture with respect to the Notes is pounds sterling. Any amount received or recovered in a currency other than pounds sterling (whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Company, any Subsidiary or otherwise) by the holder in respect of any sum expressed to be due to it from the Issuer will constitute a discharge of the Issuer only to the extent of the pound sterling amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not possible to make that purchase on that date, on the first date on which it is possible to do so). If that pound sterling amount is less than the pound sterling amount expressed to be due to the recipient under any Note, the Issuer will indemnify the recipient against any loss sustained by it as a result. In any event the Issuer will indemnify the recipient against the cost of making any such purchase.

For the purposes of this indemnity, it will be sufficient for the holder to certify that it would have suffered a loss had an actual purchase of pounds sterling been made with the amount so received in that other currency on the date of receipt or recovery (or, if a purchase of pounds sterling on such date had not been practicable, on the first date on which it would have been practicable). These indemnities constitute a separate and independent obligation from the other obligations of the Issuer, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any holder and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any other judgment or order.

### ***Listing***

The Issuer has applied to list the Notes on the Official List of the Luxembourg Stock Exchange and will use all reasonable efforts to have the Notes admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange within a reasonable period after the Issue Date and will maintain such listing as long as the Notes are outstanding; *provided, however*, that if the Issuer can no longer maintain such listing or it becomes unduly burdensome to make or maintain such listing (for the avoidance of doubt, preparation of financial statements in accordance with IFRS or any accounting standard other than GAAP and any other standard pursuant to which the Issuer then prepares its financial statements shall be deemed unduly burdensome), the Issuer may cease to make or maintain such listing on the Luxembourg Stock Exchange *provided* that the Issuer will use its reasonable best efforts to obtain and maintain the listing of the Notes on another recognized listing exchange for high yield issuers (which may be a stock exchange that is not regulated by the European Union).

### ***No Personal Liability of Directors, Officers, Employees and Stockholders***

No director, officer, employee, incorporator, member or stockholder of the Issuer any of its parent companies or any of its Subsidiaries or Affiliates, as such, shall have any liability for any obligations of the Issuer under the Notes or the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver and release may not be effective to waive liabilities under the United States federal securities laws and it is the view of the SEC that such a waiver is against public policy.

### ***Consent to Jurisdiction and Service of Process***

The Indenture provides that the Issuer and each Guarantor irrevocably appoint Virgin Media, as its agent for service of process in any suit, action or proceeding with respect to the Indenture and the Notes, as the case may be, brought in any federal or state court located in the Borough of Manhattan in the City of New York and that each of the parties submit to the jurisdiction thereof. If, for any reason Virgin Media. is unable to serve in such capacity, the Issuer and such Guarantor shall appoint another agent reasonably satisfactory to the Trustee.

### ***Concerning the Trustee and certain agents***

The Bank of New York Mellon, London Branch, is the Trustee. The Bank of New York Mellon, London Branch was initially the Paying Agent and transfer agent with regard to the Notes. The Bank of New York Mellon (Luxembourg) S.A. is the Registrar and listing agent with respect to the Notes.

### ***Governing Law***

The Indenture provides that it and the Notes are governed by, and construed in accordance with, the laws of the State of New York.

### ***Notices***

So long as any Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, any such notice to the holders of the relevant Notes shall also be published in a newspaper having a general circulation in Luxembourg or, to the extent and in the manner permitted by such rules, posted on the official website of the Luxembourg Stock Exchange and, in connection with any redemption, the Company will notify the Luxembourg Stock Exchange of any change in the principal amount of Notes outstanding. In addition, for so long as any Notes are represented by Global Notes, all notices to holders will be delivered by or on behalf of the Issuer to Euroclear and Clearstream. Additionally, in the event the Notes are in the form of Definitive Registered Notes, notices will be sent, by first-class mail, with a copy to the Trustee, to each holder at such holder's address as it appears on the registration books of the Registrar. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Trustee may approve. If and so long as such Notes are listed on any other securities exchange, notices will also be given in accordance with any applicable requirements of such securities exchange. Notices given by publication will be deemed given on the first date on which publication is made and notices given by first-class mail, postage prepaid, will be deemed given five calendar days after mailing.

### ***Prescription***

Claims against the Issuer for the payment of principal or Additional Amounts, if any, on the Notes will be prescribed ten years after the applicable due date for payment thereof. Claims against the Issuer for the payment of interest on the Notes will be prescribed five years after the applicable due date for payment of interest.

### ***Certain Definitions***

"2006 Indenture" means the indenture dated as of July 25, 2006 between the Issuer, NTL Incorporated, NTL:Telewest LLC, NTL Holdings Inc., NTL (UK) Group, Inc., NTL Communications Limited, NTL Investment Holdings Limited, The Bank of New York, as trustee and paying agent and The Bank of New York (Luxembourg) S.A. as Luxembourg paying agent.

"Acquired Indebtedness" means Indebtedness (i) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary or (ii) assumed in connection with the acquisition of assets from such Person, in each case whether or not Incurred by such Person in connection with, or in anticipation or contemplation of, such Person becoming a Restricted Subsidiary or such acquisition. Acquired Indebtedness shall be deemed to have been Incurred, with respect to clause (i) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary and, with respect to clause (ii) of the preceding sentence, on the date of consummation of such acquisition of assets.

"Additional Assets" means:

- (1) any property or assets (other than Indebtedness and Capital Stock) to be used by the Issuer or a Restricted Subsidiary in a Related Business or are otherwise useful in a Related Business (it being understood that capital expenditure on property or assets already used in a Related Business or to replace any property or assets that are the subject of such Asset Disposition or any operating



expenses Incurred in the day-to-day operations of a Related Business shall be deemed an Investment in Additional Assets);

- (2) the Capital Stock of a Person that is engaged in a Related Business and becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Company or a Restricted Subsidiary; or
- (3) Capital Stock constituting a minority interest in any Person that at such time is a Restricted Subsidiary.

“Affiliate” of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, “control” when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Affiliate Guarantors” refers to (i) ntl Kirklees, a private unlimited company incorporated under the laws of England and Wales; and (ii) ntl Glasgow, a private unlimited company incorporated under the laws of Scotland, each of which is an indirect Subsidiary of Virgin Media and has provided a guarantee under the Existing Senior Secured Notes;

“Applicable Premium” means at any redemption date prior to January 15, 2020, the excess of (1) the present value at such redemption date of (a) the redemption price of such Note on January 15, 2020 (such redemption price being described under “*Optional Redemption—Optional Redemption on or after January 15, 2020*” exclusive of any accrued and unpaid interest) plus (b) all required remaining scheduled interest payments due on such Note through January 15, 2020 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the Gilt Rate plus 50 basis points over (2) the principal amount of such Note on such redemption date.

“Asset Disposition” means any direct or indirect sale, lease (other than an operating lease entered into in the ordinary course of business), transfer, issuance or other disposition, or a series of related sales, leases (other than an operating lease entered into in the ordinary course of business), transfers, issuances or dispositions that are part of a common plan, of shares of Capital Stock of a Subsidiary (other than directors’ qualifying shares), property or other assets (each referred to for the purposes of this definition as a “disposition”) by the Company or any of the Restricted Subsidiaries, including any disposition by means of a merger, consolidation or similar transaction.

Notwithstanding the preceding, the following items shall not be deemed to be Asset Dispositions:

- (1) a disposition by a Restricted Subsidiary to the Company or by the Company or a Restricted Subsidiary (other than a Receivables Entity) to a Restricted Subsidiary;
- (2) the sale or disposition of cash or of Cash Equivalents or Investment Grade Securities in the ordinary course of business;
- (3) a disposition of inventory, consumer equipment, trading stock, communications capacity or other assets in the ordinary course of business;
- (4) a sale, lease, transfer or other disposition, or a series of related sales, leases, transfers, issuances or dispositions that are part of a common plan, of obsolete, surplus or worn out equipment or other equipment and assets that are no longer useful in the conduct of the business of the Company and the Restricted Subsidiaries;
- (5) transactions permitted under “—*Certain Covenants—Merger and Consolidation*” or a transaction that constitutes a Change of Control;
- (6) an issuance of Capital Stock by a Restricted Subsidiary to the Company or to another Restricted Subsidiary;
- (7) (a) for purposes of “—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*” only, the making of a Permitted Investment or a disposition subject to “—*Certain Covenants—Limitation on Restricted Payments*”, and (b) solely for the purpose of clause (3) of the first paragraph under “—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*,” a disposition, the proceeds of which are used to make Restricted Payments permitted to be made under the covenant described under “—*Certain Covenants—Limitation on Restricted Payments*” or Permitted Investments;

- (8) dispositions of assets in a single transaction or series of related transactions with an aggregate fair market value in any calendar year of less than the greater of £10.0 million and 1.0% of Total Assets (with unused amounts in any calendar year being carried over to the next succeeding year subject to a maximum of the greater of £10.0 million and 1.0% of Total Assets of carried over amounts for any calendar year);
- (9) dispositions in connection with Permitted Liens;
- (10) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;
- (11) the licensing or sublicensing of intellectual property or other general intangibles and licenses, sublicenses, leases or subleases of other property;
- (12) foreclosure, condemnation or similar action with respect to any property or other assets;
- (13) the sale or discount (with or without recourse, and on customary or commercially reasonable terms) of accounts receivable or notes receivable arising in the ordinary course of business, or the conversion or exchange of accounts receivable for notes receivable;
- (14) sales of accounts receivable and related assets or an interest therein of the type specified in the definition of “Qualified Receivables Transaction” to a Receivables Entity;
- (15) any disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;
- (16) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Company or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;
- (17) any surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;
- (18) (a) disposals of assets, rights or revenue not constituting part of the Distribution Business of the Company and the Restricted Subsidiaries, and (b) other disposals of non-core assets acquired in connection with any acquisition permitted under the Indenture;
- (19) disposals of assets or Capital Stock which the Company or any Restricted Subsidiary is required by a regulatory authority or court of competent jurisdiction to dispose of;
- (20) disposals of other interests in other entities in an amount not to exceed £10.0 million;
- (21) any disposition of real property, provided that the fair market value of the real property disposed of in any calendar year does not exceed the greater of £50.0 million and 1.0% of Total Assets;
- (22) any disposition of assets to a Person who is providing services related to such assets, the provision of which have been or are to be outsourced by the Company or any Restricted Subsidiary to such Person; and
- (23) any other disposal of assets comprising in aggregate percentage value of 10% or less of Total Assets.

In the event that a transaction (or any portion thereof) meets the criteria of a disposition permitted under clauses (1) through (23) above and would also be a Restricted Payment permitted to be made under the covenant described under “—*Certain Covenants—Limitation on Restricted Payments*” or a Permitted Investment, the Company, in its sole discretion, will be entitled to divide and classify such transaction (or a portion thereof) as a disposition permitted under clauses (1) through (23) above and/or one or more of the types of Restricted Payments permitted to be made under the covenant described under “—*Certain Covenants—Limitation on Restricted Payments*” or Permitted Investments.

“Board of Directors” means, as to any Person, the board of directors of such Person or any duly authorized committee thereof; *provided*, any action required to be taken under the Indenture by the Board of Directors of the Company can, in the alternative, at the option of the Company, be taken by the Board of Directors of the Ultimate Parent.

“Business Day” means each day that is not a Saturday, Sunday or other day on which banking institutions in New York, New York or London, England are authorized or required by law to close.

“Business Division Transaction” means any creation or participation in any joint venture with respect to any assets, undertakings and/or businesses of the Company and the Restricted Subsidiaries which comprise all or part of the Virgin Media Business division (or its predecessor or successors), to or with any other entity or person whether or not the Company or any of the Restricted Subsidiaries, excluding the contribution to (but not the use by) any joint venture of the backbone assets utilized by the Company and the Restricted Subsidiaries and excluding any Subsidiary included in or owned by the Virgin Media Business division but not engaged in the business of that division.

“Capital Stock” of any Person means any and all shares, interests, rights to purchase, warrants, options, participation or other equivalents of interests in (however designated) equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

“Capitalized Lease Obligation” means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes in accordance with GAAP. The amount of Indebtedness represented by such obligation will be the capitalized amount of such obligation at the time any determination thereof is to be made as determined in accordance with GAAP, and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty, provided that, upon a change in generally accepted accounting principles eliminating the difference in treatment of operating leases and capital leases, “capital lease” shall be deemed to be a leasing arrangement where the net present value of the payments (using an interest rate determined with reference to yield to maturity in the trading markets for the issue at the date of the lease of Virgin Media Finance’s unsecured senior notes with the longest maturity date at the date of the lease) exceeds 90% of the fair value of the asset.

“Cash Equivalents” means:

- (1) securities issued or directly and fully guaranteed or insured by the United States Government or a member state of the European Union as of January 1, 2004 (each a “Qualified Country”) or any agency or instrumentality thereof (*provided* that the full faith and credit of such Qualified Country is pledged in support thereof), having maturities of not more than one year from the date of acquisition;
- (2) marketable general obligations issued by any political subdivision of any Qualified Country or any public instrumentality thereof maturing within one year from the date of acquisition of the United States (*provided* that the full faith and credit of the Qualified Country is pledged in support thereof) and, at the time of acquisition, having a credit rating of “A2” or better from either Standard & Poor’s Ratings Services or Moody’s Investors Service, Inc.;
- (3) certificates of deposit, time deposits, eurodollar time deposits, bank deposits or bankers’ acceptances having maturities of not more than one year from the date of acquisition thereof issued by any lender party to any Credit Facility or by any bank or trust company (x) the long-term debt of which is rated at the time of acquisition thereof at least “A-” or the equivalent thereof by Standard & Poor’s Ratings Services, or “A-” or the equivalent thereof by Moody’s Investors Service, Inc. (or if at the time neither is issuing comparable ratings, then a comparable rating of another nationally recognized rating agency);
- (4) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (1), (2) and (3) entered into with any bank meeting the qualifications specified in clause (3) above;
- (5) commercial paper rated at the time of acquisition thereof at least “A-2” or the equivalent thereof by Standard & Poor’s Ratings Services or “P-2” or the equivalent thereof by Moody’s Investors Service, Inc., or carrying an equivalent rating by an internationally recognized rating agency, if both of the two named rating agencies cease publishing ratings of investments, and in any case maturing within one year after the date of acquisition thereof; and
- (6) interests in any investment company or money market fund which invests 95% or more of its assets in instruments of the type specified in clauses (1) through (5) above.

“Change of Control” means:

- (1) Virgin Media Communications (a) ceases to be the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Company and (b) ceases, by virtue of any powers conferred by the

articles of association or other documents regulating the Company to, directly or indirectly, direct or cause the direction of management and policies of the Company;

- (2) the sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation) in one or a series of related transactions, of all or substantially all of the assets of the Company and the Restricted Subsidiaries taken as a whole to any “person” (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) other than a Permitted Holder;
- (3) the Company ceases to own directly all of the Capital Stock of the Issuer; or
- (4) the adoption by the stockholders of the Company or the Issuer of a plan or proposal for the liquidation or dissolution of the Company or the Issuer, other than a transaction complying with the covenant described under “—*Certain Covenants—Merger and Consolidation*”,

*provided* that a Change of Control shall not be deemed to have occurred pursuant to clause (1) of this definition upon the consummation of the Post-Closing Reorganization or a Spin-Off. Notwithstanding the foregoing, upon consummation of the Post-Closing Reorganization or a Spin-Off, “Virgin Media Communications” in clause (1) will be replaced with New Immediate Holdco, in respect of the Post-Closing Reorganization, and the Spin Parent, in respect of a Spin-Off.

“Collateral” means any assets in which a security interest has been or will be granted pursuant to any Security Document to secure the obligations under the Indenture, the Notes or any Note Guarantee.

“Commodity Agreements” means, in respect of a Person, any commodity purchase contract, commodity futures or forward contract, commodities option contract or other similar contract (including commodities derivative agreements or arrangements), to which such Person is a party or a beneficiary.

“Common Stock” means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or nonvoting) of such Person’s common stock whether or not outstanding on the Issue Date, and includes, without limitation, all series and classes of such common stock.

“Consolidated EBITDA” means, for any period, without duplication, the Consolidated Net Income for such period, plus the following to the extent deducted in calculating such Consolidated Net Income:

- (1) Consolidated Interest Expense;
- (2) Consolidated Income Taxes;
- (3) consolidated depreciation expense;
- (4) consolidated amortization expense;
- (5) any reasonable expenses, charges or other costs related to any Equity Offering, Permitted Investment, acquisition, disposition, recapitalization or the Incurrence of any Indebtedness permitted by the Indenture, in each case, as determined in good faith by an Officer of the Company;
- (6) the amount of Management Fees and other fees and related expenses paid in such period to the Permitted Holders to the extent permitted by the covenant described under “—*Certain Covenants—Limitation on Affiliate Transactions*”;
- (7) at the Company’s option, other non-cash charges reducing Consolidated Net Income (provided that if any such non-cash charge represents an accrual of or reserve for potential cash charges in any future period, the cash payment in respect thereof in such future period shall reduce Consolidated Net Income to such extent, and excluding amortization of a prepaid cash item that was paid in a prior period) less other non-cash items of income increasing Consolidated Net Income (excluding any such non-cash item of income to the extent it represents (a) a receipt of cash payments in any future period, (b) the reversal of an accrual or reserve for a potential cash item that reduced Consolidated Net Income in any prior period and (c) any non-cash gains with respect to cash actually received in a prior period so long as such cash did not increase Consolidated Net Income in such prior period);
- (8) the amount of loss on sale of assets in connection with a Qualified Receivables Transaction;
- (9) Specified Legal Expenses;
- (10) any net earnings or losses attributable to non-controlling interests;
- (11) share of income or loss on equity Investments;

- (12) any realized and unrealized gains or losses due to changes in fair value of equity Investments;
- (13) at the Company's option, an amount equal to 100% of the up-front installation fees associated with commercial contract installations completed during the applicable reporting period, less any portion of such fees included in Consolidated Net Income for such period, provided that the amount of such fees, to the extent amortized over the life of the underlying service contract, shall not be included in Consolidated Net Income in any future period; and
- (14) at the Company's option, any fees or other amounts charged or credited to the Company and the Restricted Subsidiaries related to Intra-Group Services may be excluded from the calculation of Consolidated EBITDA to the extent such fees or other amounts (a) are not included in the Company's externally reported operating cash flow or equivalent measure (as defined by the Company in its earnings releases and other publicly disseminated information) or (b) are deemed to be exceptional or unusual items.

"Consolidated Income Taxes" means taxes based on income, profits or capital of any of the Company and the Restricted Subsidiaries whether or not paid, estimated, accrued or required to be remitted to any governmental authority taken into account in calculating Consolidated Net Income.

"Consolidated Interest Expense" means, for any period the consolidated net interest income/expense of the Company and the Restricted Subsidiaries (in each case, determined on the basis of GAAP), whether paid or accrued, including any such interest and charges consisting of:

- (1) interest expense attributable to Capitalized Lease Obligations;
- (2) amortization of debt discount and debt issuance cost;
- (3) non-cash interest expense;
- (4) commissions, discounts and other fees and charges owed with respect to financings not included in clause (2) above;
- (5) costs associated with Hedging Obligations;
- (6) dividends on other distributions in respect of all Disqualified Stock of the Company and all Preferred Stock of any Restricted Subsidiary, to the extent held by Persons other than the Company or a Subsidiary of the Company;
- (7) the consolidated interest expense that was capitalized during such period; and
- (8) interest actually paid by the Company or any Restricted Subsidiary, under any guarantee of Indebtedness or other obligation of any other Person.

"Consolidated Net Income" means, for any period, net income (loss) of the Company and the Restricted Subsidiaries determined on a consolidated basis on the basis of GAAP; *provided, however*, that there will not be included in such Consolidated Net Income:

- (1) subject to the limitations contained in clause (3) below, any net income (loss) of any Person (other than the Company) if such Person is not a Restricted Subsidiary, except that (a) the Company's equity in the net income of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution or return on investment (subject, in the case of a dividend or other distribution or return on investment to a Restricted Subsidiary, to the limitations contained in clause (2) below); and (b) the Company's equity in a net loss of any such Person (other than an Unrestricted Subsidiary) for such period will be included in determining such Consolidated Net Income to the extent such loss has been funded with cash from the Company or a Restricted Subsidiary;
- (2) solely for the purpose of determining the amount available for Restricted Payments under clause (4)(c)(i) of the first paragraph of the covenant described under the caption "*—Limitation on Restricted Payments*", any net income (loss) of any Restricted Subsidiary if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Company by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Notes or the Indenture, (c) restrictions in effect on the Issue Date with respect to a Restricted Subsidiary (including pursuant to the Notes, the Senior Credit Facility, the Existing

Senior Secured Notes, the Intercreditor Deeds, any Additional Intercreditor Deed or the Existing Senior Notes) and other restrictions with respect to any Restricted Subsidiary that, taken as a whole, are not materially less favorable to the holders than restrictions in effect on the Issue Date and (d) restrictions as in effect on the Issue Date specified in clause (8), or restrictions specified in clause (10), of the second paragraph of the covenant described under “—*Certain Covenants—Limitation on Restrictions on Distributions from Restricted Subsidiaries*”), except that the Company’s equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the Company or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary, to the limitation contained in this clause);

- (3) any net gain (or loss) realized upon the sale, held for sale or other disposition of any asset or disposed operations of the Company or any Restricted Subsidiary which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by the Board of Directors or senior management of the Company);
- (4) any extraordinary, one-off, non-recurring, exceptional or unusual gain, loss, expense or charge, including any charges or reserves in respect of any restructuring, redundancy, relocation, refinancing, integration or severance or other post-employment arrangements, signing, retention or completion bonuses, transaction costs, acquisition costs, disposition costs, business optimization, information technology implementation or development costs, costs related to governmental investigations and curtailments or modifications to pension or postretirement benefits schemes, litigation or any asset impairment charges or the financial impacts of natural disasters (including fire, flood and storm and related events);
- (5) the cumulative effect of a change in accounting principles and changes as a result of the adoption or modification of accounting policies;
- (6) any stock-based compensation expense;
- (7) all deferred financing costs written off and premiums paid in connection with any early extinguishment of Indebtedness and any net gain (loss), including financing costs that are expensed as incurred, from any extinguishment, modification, exchange or forgiveness of Indebtedness;
- (8) any unrealized gains or losses in respect of Hedging Obligations;
- (9) any goodwill, other intangible or tangible asset impairment charge or write-off;
- (10) the impact of capitalized interest on Subordinated Shareholder Loans;
- (11) any derivative instruments gains or losses, foreign exchange gains or losses, and gains or losses associated with fair value adjustment on financial instruments;
- (12) at the Issuer’s option, effects of adjustments (including the effects of such adjustments pushed down to such Person and its Restricted Subsidiaries) pursuant to GAAP (including inventory, property, equipment, software, goodwill, intangible assets, in process research and development, deferred revenue and debt line items) attributable to the application of recapitalization accounting or purchase accounting, as the case may be, in relation to any consummated acquisition or joint venture investment or the amortization or write-off or write-down of amounts thereof, net of taxes;
- (13) accruals and reserves that are established or adjusted within twelve months after the closing date of any acquisition that are so required to be established or adjusted as a result of such acquisition in accordance with GAAP; and
- (14) any expenses, charges or losses to the extent covered by insurance or indemnity and actually reimbursed, or, so long as the Company or a Restricted Subsidiary has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer or indemnifying party and only to the extent that such amount is in fact reimbursed within 365 days of the date of the insurable or indemnifiable event (net of any amount so added back in any prior period to the extent not so reimbursed within the applicable 365-day period).

In addition, to the extent not already included in the Consolidated Net Income, notwithstanding anything to the contrary in the foregoing, Consolidated Net Income shall include the amount of proceeds received from business interruption insurance and reimbursements of any expenses and charges that are covered by indemnification or other reimbursement provisions in connection with any acquisition or Investment, or any sale, conveyance, transfer or other disposition of assets permitted under the Indenture.

“Consolidated Net Leverage Ratio,” as of any date of determination, means the ratio of:

- (1) (a) the outstanding Indebtedness (other than (i) any Indebtedness up to a maximum amount equal to the Revolving Facility Excluded Amount at the relevant time Incurred under any Permitted Revolving Credit Facility, (ii) Subordinated Shareholder Loans, (iii) any Indebtedness incurred pursuant to clause (18) of the second paragraph of the covenant under the caption “—*Certain Covenants—Limitation on Indebtedness*” and (iv) any Indebtedness which is a contingent obligation of the Company or a Restricted Subsidiary; *provided* that for the purpose of calculating the Consolidated Net Leverage Ratio for purposes of clause 15(b) of the second paragraph of the covenant under the caption “—*Certain Covenants—Limitation on Indebtedness*,” any guarantee by the Company or any Restricted Subsidiary of Indebtedness of Virgin Media Finance and/or any other Parent Guarantor (including, without limitation, any guarantees of the Existing Senior Notes) shall be included in determining any such outstanding Indebtedness) of the Company and the Restricted Subsidiaries on a Consolidated basis *less* (b) the aggregate amount of cash and Cash Equivalents of the Company and the Restricted Subsidiaries on a Consolidated basis, to
- (2) the Pro forma EBITDA for the period of the most recent two consecutive fiscal quarters for which financial statements have previously been furnished to holders of the Notes pursuant to the covenant described under “—*Certain Covenants—Reports*,” multiplied by 2.0,

*provided, however,* that the *pro forma* calculation of the Consolidated Net Leverage Ratio shall not give effect to (a) any Indebtedness Incurred on the date of determination pursuant to the provisions described in the second paragraph under the caption “—*Certain Covenants—Limitation on Indebtedness*” or (b) the discharge on the date of determination of any Indebtedness to the extent that such discharge results from the proceeds Incurred pursuant to the provisions described in the second paragraph under the caption “—*Certain Covenants—Limitation on Indebtedness*”.

For the avoidance of doubt, in determining Consolidated Net Leverage Ratio, no cash or Cash Equivalents shall be included that are the proceeds of Indebtedness in respect of which the calculation of the Consolidated Net Leverage Ratio is to be made.

“Consolidation” means the consolidation or combination of the accounts of each of the Restricted Subsidiaries (excluding the Affiliate Guarantors) with those of the Company in accordance with GAAP consistently applied and together with the accounts of the Affiliate Guarantors on a combined basis (including eliminations of intercompany transactions and balances, as appropriate); *provided, however,* that “Consolidation” will not include consolidation of the accounts of any Unrestricted Subsidiary, but the interest of the Company or any Restricted Subsidiary in an Unrestricted Subsidiary will be accounted for as an investment. The term “Consolidated” has a correlative meaning.

“Content” means any rights to broadcast, transmit, distribute or otherwise make available for viewing, exhibition or reception (whether in analogue or digital format and whether as a channel or an internet service, a teletext-type service, an interactive service, or an enhanced television service or any part of any of the foregoing, or on a pay-per-view basis, or near video-on-demand, or video-on-demand basis or otherwise) any one or more of audio and/or visual images, audio content, or interactive content (including hyperlinks, repurposed web-site content, database content plus associated templates, formatting information and other data including any interactive applications or functionality), text, data, graphics, or other content, by means of any means of distribution, transmission or delivery system or technology (whether now known or herein after invented).

“Convertible Senior Notes” means the \$1,000,000,000 of 6.50% Convertible Senior Notes due 2016 issued pursuant to an indenture dated as of April 16, 2008 between Virgin Media and The Bank of New York Mellon, acting through its London Branch, as trustee, as amended or supplemented from time to time or any refinancing or replacement thereof (including successive refinancings).

“Credit Facility” means, one or more debt facilities or arrangements (including, without limitation, the Senior Credit Facility or any Permitted Revolving Credit Facility) or commercial paper facilities with banks or other institutions or investors providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), letters of credit or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks or institutions or investors and whether provided under the Senior Credit Facility, a Permitted Revolving Credit Facility or one or more other credit or

other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including but not limited to any notes and letters of credit issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term “Credit Facility” shall include any agreement or instrument (i) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (ii) adding Subsidiaries of the Company as additional borrowers or guarantors thereunder, (iii) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (iv) otherwise altering the terms and conditions thereof.

“Currency Agreement” means, in respect of a Person, any foreign exchange contract, currency swap agreement, futures contract, option contract, derivative or other similar agreement as to which such Person is a party or a beneficiary.

“Default” means any event which is, or after notice or passage of time or both would be, an Event of Default; *provided* that any Default that results solely from the taking of an action that would have been permitted but for the continuation of a previous Default will be deemed to be cured if such previous Default is cured prior to becoming an Event of Default.

“Designated Non-Cash Consideration” means the fair market value (as determined in good faith by the Board of Directors or senior management of the Company) of non-cash consideration received by the Company or one of the Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Non-Cash Consideration pursuant to an Officer’s Certificate, setting forth the basis of such valuation, less the amount of cash or Cash Equivalents received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with the covenant described under “—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock.*”

“Disqualified Stock” means, with respect to any Person, any Capital Stock of such Person which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or upon the happening of any event:

- (1) matures or is mandatorily redeemable pursuant to a sinking fund obligation or otherwise;
- (2) is convertible or exchangeable for Indebtedness or Disqualified Stock (excluding Capital Stock which is convertible or exchangeable solely at the option of the Company or a Restricted Subsidiary); or
- (3) is redeemable at the option of the holder of the Capital Stock in whole or in part, in each case on or prior to the earlier of the date (a) of the Stated Maturity of the Notes or (b) on which there are no Notes outstanding, *provided* that only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock; *provided, further* that any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require the Company to repurchase such Capital Stock upon the occurrence of a change of control or asset sale (each defined in a substantially identical manner to the corresponding definitions in the Indenture) shall not constitute Disqualified Stock if the terms of such Capital Stock (and all such securities into which it is convertible or for which it is ratable or exchangeable) provide that the Company may not repurchase or redeem any such Capital Stock (and all such securities into which it is convertible or for which it is ratable or exchangeable) pursuant to such provision prior to compliance by the Company with the provisions of the Indenture described under the captions “—*Certain Covenants—Change of Control*” and “—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*” and such repurchase or redemption complies with “—*Certain Covenants—Limitation on Restricted Payments*”.

“Distribution Business” means: (1) the business of upgrading, constructing, creating, developing, acquiring, operating, owning, leasing and maintaining cable television networks (including for avoidance of doubt master antenna television, satellite master antenna television, single and multi-channel microwave single or multi-point distribution systems and direct-to-home satellite systems) for the transmission, reception and/or delivery of multi-channel television and radio programming, telephony and internet and/or data services to the residential markets; or (2) any business which is incidental to or related to and, in either case, material to such business.



“Enforcement Control Event” shall have the meaning ascribed thereto in the Group Intercreditor Deed.

“Enforcement Sale” means (1) any sale or disposition (including by way of public auction) of the Collateral pursuant to an enforcement action taken by the Security Trustee in accordance with the provisions of the Group Intercreditor Deed, including on behalf of the Senior Indebtedness Incurred under the Senior Credit Facility, the holders of the Existing Senior Secured Notes, the holders of the Notes or certain hedging counterparties, to the extent such sale or disposition is effected in compliance with the provisions of the Group Intercreditor Deed, or (2) any sale or disposition of the Collateral pursuant to the enforcement of security in favor of other Senior Indebtedness of the Company or the Restricted Subsidiaries which complies with the terms of an Additional Intercreditor Deed (or if there is no such intercreditor agreement, would substantially comply with the requirements of clause (1) hereof).

“Equity Offering” means a sale of (1) Capital Stock of the Company (other than Disqualified Stock), (2) Capital Stock the proceeds of which are contributed as equity share capital to the Company or as Subordinated Shareholder Loans or (3) Subordinated Shareholder Loans.

“Escrowed Proceeds” means the proceeds from the offering of any debt securities or other Indebtedness paid into escrow accounts with an independent escrow agent on the date of the applicable offering or incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow accounts upon satisfaction of certain conditions or the occurrence of certain events. The term “Escrowed Proceeds” shall include any interest earned on the amounts held in escrow.

“European Union” means the European Union, including member states as of May 1, 2004 but excluding any country which became or becomes a member of the European Union after May 1, 2004.

“Exchange Act” means the United States Securities Exchange Act of 1934, as amended.

“Excluded Assets” means any of the following:

- (1) any assets securing Purchase Money Obligations and Capitalized Lease Obligations;
- (2) any assets secured pursuant to clauses (1), (14), (15), (18) (with respect to clauses (14) and (15) only) or (27) of the definition of “Permitted Liens;”
- (3) any interest in any Excluded Subsidiary, any non-recourse special purpose vehicles or any joint venture;
- (4) any assets which are prohibited or restricted by applicable Law from securing the Notes or the Note Guarantees; and
- (5) any assets that are expressly excluded from the collateral securing the Senior Credit Facility or any Pari Passu Lien Obligations outstanding from time to time.

“Excluded Contribution” means Net Cash Proceeds or property or assets received by the Company as capital contributions or Subordinated Shareholder Loans to the Company after February 22, 2013 or from the issuance or sale (other than to a Restricted Subsidiary) of Capital Stock (other than Disqualified Stock) of the Company, in each case to the extent designated as an Excluded Contribution pursuant to an Officer’s Certificate of the Company.

“Excluded Subsidiary” means:

- (1) any Subsidiary of the Company which is a dormant subsidiary;
- (2) Flextech Interactive Limited;
- (3) Fawnspring Limited; and
- (4) NTL South Herts and its Subsidiaries, until such time as NTL South Herts becomes a Wholly-Owned Subsidiary of the Company.

“Existing Senior Notes” means the (i) \$500 million of 6% Senior Notes due 2024, (ii) £300 million of 6.375% Senior Notes due 2024, (iii) the \$530 million of 6.875% Senior Notes due 2023, (iv) the £250 million of 7% Senior Notes due 2023, (v) the \$500 million of 5.25% Senior Notes due 2022, (vi) the \$900 million of 4.875% Senior Notes due 2022 and (vii) the £400 million of 5.125% Senior Notes due 2022, issued by Virgin Media Finance pursuant to the relevant Existing Senior Notes Indenture.

“Existing Senior Notes Indentures” means collectively (i) the indenture dated as of June 3, 2009, among Virgin Media Finance, Virgin Media, Virgin Media Investments Limited, Virgin Media Group LLC, Virgin

Media (UK) Group LLC (formerly Virgin Media (UK) Group, Inc.), Virgin Media Communications, the Company, The Bank of New York Mellon, acting through its London Branch, as trustee and paying agent and The Bank of New York Mellon (Luxembourg) S.A. as Luxembourg paying agent, as amended or supplemented from time to time, (iii) the indenture dated as of March 13, 2012, among Virgin Media Finance, Virgin Media, Virgin Media Investments Limited, Virgin Media Group LLC, Virgin Media (UK) Group LLC (formerly Virgin Media (UK) Group, Inc.), Virgin Media Communications, the Company, The Bank of New York Mellon, acting through its London Branch, as trustee and paying agent and The Bank of New York Mellon (Luxembourg) S.A. as Luxembourg paying agent, as amended or supplemented from time to time, (iii) the indenture dated as of October 30, 2012, among Virgin Media Finance, Virgin Media, Virgin Media Investments Limited, Virgin Media Group LLC, Virgin Media (UK) Group LLC (formerly Virgin Media (UK) Group, Inc.), Virgin Media Communications, the Company, The Bank of New York Mellon, acting through its London Branch, as trustee and paying agent and The Bank of New York Mellon (Luxembourg) S.A. as Luxembourg paying agent, as amended or supplemented from time to time, (iv) the indenture dated February 22, 2013, among Lynx II Corp., The Bank of New York Mellon, acting through its London Branch, as trustee, transfer agent and principal paying agent, The Bank of New York Mellon, as paying agent and The Bank of New York Mellon (Luxembourg) S.A., as registrar, as amended or supplemented on June 7, 2013 pursuant to which, *inter alia*, Virgin Media Finance assumed the obligations of Lynx II, as issuer, and as further amended or supplemented from time to time and (v) the indenture dated as of October 7, 2014, among Virgin Media Finance, Virgin Media, Virgin Media Investments Limited, Virgin Media Group LLC, Virgin Media (UK) Group LLC (formerly Virgin Media (UK) Group, Inc.), Virgin Media Communications, the Company, The Bank of New York Mellon, London Branch, as trustee, transfer agent and principal paying agent, The Bank of New York Mellon, as paying agent and The Bank of New York Mellon (Luxembourg) S.A. as registrar, as amended or supplemented from time to time.

“Existing Senior Secured Notes” means the (i) the \$1,000 million of 5.875% Senior Secured Notes due 2021, (ii) the £1,100 million of 6% Senior Secured Notes due 2021, (iii) the £650 million of 5.50% Senior Secured Notes due 2021, (iv) the \$500 million of 5.25% Senior Secured Notes due 2021, (v) the \$425 million of 5.50% Senior Secured Notes due 2025, (vi) the £430 million of 5.50% Senior Secured Notes due 2025 and (vii) the £400 million of 6.25% Senior Secured Notes due 2029, issued by the Issuer pursuant to relevant Existing Senior Secured Notes Indenture.

“Existing Senior Secured Notes Indentures” means collectively (i) the indenture dated as of March 3, 2011 among the Issuer, Virgin Media, Virgin Media Finance, the Company, the Guarantors, The Bank of New York Mellon, acting through its London Branch, as trustee and paying agent and The Bank of New York Mellon (Luxembourg) S.A. as Luxembourg paying agent, as amended or supplemented from time to time, (ii) the indenture dated as of February 22, 2013 among Lynx I Corp. and The Bank of New York Mellon, acting through its London Branch, as trustee, transfer agent and principal paying agent, The Bank of New York Mellon, as paying agent and The Bank of New York Mellon (Luxembourg) S.A., as registrar, as amended or supplemented on June 7, 2013 pursuant to which, *inter alia*, the Issuer assumed the obligations of Lynx I, as issuer, and as further amended or supplemented from time to time and (iii) the indenture dated as of March 28, 2014 among the Issuer, Virgin Media, Virgin Media Finance, the Company, the Guarantors, The Bank of New York Mellon, acting through its London Branch, as trustee and paying agent and The Bank of New York Mellon (Luxembourg) S.A. as Luxembourg paying agent, as amended or supplemented from time to time.

“fair market value” unless otherwise specified, wherever such term is used in the Indenture (except as otherwise specifically provided in this “*Description of the Senior Secured Notes*”), may be conclusively established by means of an Officer’s Certificate or a resolution of the Board of Directors of the Company setting out such fair market value as determined by such Officer or such Board of Directors in good faith.

“Fawnspring Limited” refers to ntl Fawnspring Limited a private limited company incorporated under the laws of England and Wales, together with its successors.

“Flextech Interactive Limited” refers to Flextech Interactive Limited a private limited company incorporated under the laws of England and Wales, together with its successors.

“GAAP” means generally accepted accounting principles in the United States of America as in effect as of the Issue Date or, for purposes of the covenant described under “—*Certain Covenants—Reports*,” as in effect from time to time; *provided* that at any date after the Issue Date the Issuer may make an irrevocable election to establish that “GAAP” shall mean GAAP as in effect on a date that is on or prior to the date of such election. Except as otherwise expressly provided below or in the Indenture, all ratios and calculations based on GAAP contained in the Indenture shall be computed in conformity with GAAP. At any time after the Issue Date, the Company may elect to apply for all purposes of the Indenture, in lieu of GAAP, IFRS and, upon such

election, references to GAAP herein will be construed to mean IFRS as in effect on the Issue Date; provided that (1) all financial statements and reports to be provided, after such election, pursuant to the Indenture shall be prepared on the basis of IFRS as in effect from time to time (including that, upon first reporting its fiscal year results under IFRS, the Company shall restate its financial statements on the basis of IFRS for the year ending immediately prior to the first fiscal year for which financial statements have been prepared on the basis of IFRS), and (2) from and after such election, all ratios, computations and other determinations based on GAAP contained in the Indenture shall, at the Company's option (a) continue to be computed in conformity with GAAP (provided that, following such election, the annual and quarterly information required by clauses (1) and (2) of the first paragraph of the covenant "*Certain Covenants—Reports*" shall include a reconciliation, either in the footnotes thereto or in a separate report delivered therewith, of such GAAP presentation to the corresponding IFRS presentation of such financial information), or (b) be computed in conformity with IFRS with retroactive effect being given thereto assuming that such election had been made on the Issue Date. Thereafter, the Company may, at its option, elect to apply GAAP or IFRS and compute all ratios, computations and other determinations based on GAAP or IFRS, as applicable, all on the basis of the foregoing provisions of this definition of GAAP.

"Gilt Rate" means, as of any redemption date, the yield to maturity as of such redemption date of UK Government Obligations with a fixed maturity (as compiled by the Office for National Statistics and published in the most recent Financial Statistics that has become publicly available on a day no earlier than two Business Days prior to the date of the delivery of the redemption notice in respect of such redemption date (or, if such Financial Statistics are no longer published, any publicly available source of similar market data selected by the Issuer in good faith)) most nearly equal to the period from such redemption date to January 15, 2020; *provided, however*, that if the period from such redemption date to January 15, 2020 is not equal to the fixed maturity of UK Government Obligations for which a yield is given, the Gilt Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the yields of UK Government Obligations for which such yields are given, except that if the period from such redemption date to January 15, 2020 is less than one year, the weekly average yield on actually traded UK Government Obligations denominated in sterling adjusted to a fixed maturity of one year shall be used.

"Grantor" means any Guarantor and any other person that has pledged Collateral to secure the obligations under the Notes and the Note Guarantees.

"Group Intercreditor Deed" means the Group Intercreditor Deed originally entered into on March 3, 2006 and as amended from time to time, between Deutsche Bank AG, London Branch as Facility Agent and Security Trustee, the Original Borrowers, the Original Guarantors, the Senior Lenders, the Lessors, the Lessees, the Hedge Counterparties, the Lessor's Agent, the Intergroup Debtors and the Intergroup Creditors (each as defined therein) as the same may be amended, modified, supplemented, extended or replaced from time to time.

"guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person and any obligation, direct or indirect, contingent or otherwise, of such Person:

- (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise); or
- (2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); *provided, however*, that the term "guarantee" will not include endorsements for collection or deposit in the ordinary course of business. The term "guarantee" used as a verb has a corresponding meaning. "guarantor" means the obligor under a guarantee.

"Guarantor" means (1) each of the Parent Guarantors and the Subsidiary Guarantors in its capacity as guarantor of the Notes and (2) each Additional Guarantor in its capacity as an additional guarantor of the Notes.

"Hedging Obligations" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Commodity Agreement or Currency Agreement.

"High Yield Intercreditor Deed" means the High Yield Intercreditor Deed first entered into among the Issuer, the Company, Credit Suisse First Boston, The Bank of New York and the senior lenders party thereto, on April 13, 2004, as the same may be amended, modified, supplemented, extended or replaced from time to time, in each case in accordance with the terms of the Indenture.

“holder” means a Person in whose name a Note is registered on the Registrar’s books.

“Holding Company” means, in relation to a person, an entity of which that person is a Subsidiary.

“IFRS” means the accounting standards issued by the International Accounting Standards Board and its predecessors as in effect on the Issue Date.

“Incur” means issue, create, assume, guarantee, incur or otherwise become liable for; *provided, however*, that any Indebtedness or Capital Stock of a Person existing at the time such person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary; and the terms “Incurred” and “Incurrence” have meanings correlative to the foregoing.

“Indebtedness” means, with respect to any Person on any date of determination (without duplication):

- (1) money borrowed or raised and debit balances at banks;
- (2) any bond, note, loan stock, debenture or similar debt instrument;
- (3) acceptance or documentary credit facilities;
- (4) receivables sold or discounted (otherwise than on a non-recourse basis and other than in the normal course of business for collections);
- (5) any other transaction (including without limitation forward sale or purchase agreements) having the commercial effect of a borrowing or raising of money or any of (2) to (4) above;
- (6) the principal component or liquidation preference of all obligations of such Person with respect to the redemption, repayment or other repurchase of any Disqualified Stock or, with respect to any Restricted Subsidiary, any Preferred Stock (but excluding, in each case, any accrued dividends); and
- (7) the principal component of Indebtedness of other Persons to the extent guaranteed by such Person to the extent not otherwise included in the Indebtedness of such Person,

*provided* that Indebtedness which has been cash-collateralized shall not be included in any calculation of Indebtedness to the extent so cash-collateralized.

Notwithstanding the foregoing, “Indebtedness” shall not include (a) any deposits or prepayments received by the Company or a Restricted Subsidiary from a customer or subscriber for its service, (b) any obligations to make payments in relation to earn outs, (c) Indebtedness which is in the nature of equity (other than redeemable shares); (d) Capitalized Lease Obligations, (e) any indebtedness in respect of Qualified Receivables Transactions, (f) pension obligations and (g) any payments for assets acquired or services supplied deferred (including Trade Payables) in accordance with the terms pursuant to which the relevant assets were or are to be acquired or services were or are to be supplied. The amount of Indebtedness of any Person at any date will be the outstanding balance at such date of all unconditional obligations as described above and the maximum liability, upon the occurrence of the contingency giving rise to the obligation, of any contingent obligations at such date.

“Independent Financial Advisor” means an accounting, appraisal or investment banking firm of nationally recognized standing that is, in the good faith judgment of the Board of Directors or senior management of the Company, qualified to perform the task for which it has been engaged.

“Initial Public Offering” means an Equity Offering of common stock or other common equity interests of the Company or any direct or indirect parent company of the Company (the “IPO Entity”) following which there is a Public Market and, as a result of which, the shares of the common stock or other common equity interests of the IPO Entity in such offering are listed on an internationally recognized exchange or traded on an internationally recognized market.

“Intercreditor Deeds” means the High Yield Intercreditor Deed and the Group Intercreditor Deed.

“Interest Rate Agreement” means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement as to which such Person is party or a beneficiary.

“Intra-Group Services” means any of the following (provided that the terms of each such transaction are not materially less favorable, taken as a whole, to the Company or a Restricted Subsidiary, as the case may be,

than those that could be obtained in a comparable transaction in arm's length dealings with a Person that is not an Affiliate):

- (1) the sale of programming or other content by the Ultimate Parent, the Spin Parent or any of their respective Subsidiaries to the Company or any Restricted Subsidiary;
- (2) the lease or sublease of office space, other premises or equipment by the Company or the Restricted Subsidiaries to the Ultimate Parent, the Spin Parent or any of their respective Subsidiaries or by the Ultimate Parent, the Spin Parent or any of their respective Subsidiaries to the Company or the Restricted Subsidiaries;
- (3) the provision or receipt of other goods, services, facilities or other arrangements (in each case not constituting Indebtedness) in the ordinary course of business, by the Company or the Restricted Subsidiaries to or from the Ultimate Parent, the Spin Parent or any of their respective Subsidiaries, including, without limitation, (a) the employment of personnel, (b) provision of employee healthcare or other benefits, (c) acting as agent to buy or develop equipment, other assets or services or to trade with residential or business customers, and (d) the provision of treasury, audit, accounting, banking, strategy, branding, marketing, network, technology, research and development, telephony, office, administrative, compliance, payroll or other similar services; and
- (4) the extension, in the ordinary course of business and on terms not materially less favorable to the Company or the Restricted Subsidiaries than arm's length terms, by or to the Company or the Restricted Subsidiaries to or by the Ultimate Parent, the Spin Parent or any of their respective Subsidiaries of trade credit not constituting Indebtedness in relation to the provision or receipt of Intra-Group Services referred to in paragraphs (1), (2) or (3) above.

"Investment" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any direct or indirect advance, loan (other than advances or extensions of credit to customers in the ordinary course of business) or other extensions of credit (including by way of guarantee or similar arrangement, but excluding any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such Person and all other items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP; *provided* that none of the following will be deemed to be an Investment:

- (1) Hedging Obligations entered into in the ordinary course of business and in compliance with the Indenture;
- (2) endorsements of negotiable instruments and documents in the ordinary course of business; and
- (3) an acquisition of assets, Capital Stock or other securities by the Company or a Subsidiary for consideration to the extent such consideration consists of Common Stock of the Company.

For purposes of the definition of "Unrestricted Subsidiary" and "*Certain Covenants—Limitation on Restricted Payments*",

- (1) "Investment" will include the portion (proportionate to the Company's equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; *provided, however*, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Company will be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to (a) the Company's "Investment" in such Subsidiary at the time of such redesignation less (b) the portion (proportionate to the Company's equity interest in such Subsidiary) of the fair market value of the net assets (as conclusively determined by the Board of Directors or senior management of the Company in good faith) of such Subsidiary at the time that such Subsidiary is so redesignated a Restricted Subsidiary; and
- (2) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors or senior management of the Company.

If the Company or a Restricted Subsidiary transfers, conveys, sells, leases or otherwise disposes of Voting Stock of a Restricted Subsidiary such that such Subsidiary is no longer a Restricted Subsidiary, then the Investment of the Company in such Person shall be deemed to have been made as of the date of such transfer or

other disposition in an amount equal to the fair market value (as determined by the Board of Directors or senior management of the Company in good faith).

“Investment Grade Securities” means:

- (1) securities issued by the U.S. government or by any agency or instrumentality thereof (other than Cash Equivalents) or directly and fully guaranteed or insured by the U.S. government and in each case with maturities not exceeding two years from the date of the acquisition;
- (2) securities issued by or a member of the European Union as of January 1, 2004, or any agency or instrumentality thereof (other than Cash Equivalents) or directly and fully guaranteed or insured by a member of the European Union as of January 1, 2004, and in each case with maturities not exceeding two years from the date of the acquisition;
- (3) debt securities or debt instruments with a rating of A or higher by Standard & Poor’s Ratings Services or A-2 or higher by Moody’s Investors Service, Inc. or the equivalent of such rating by such rating organization, or if no rating of Standard & Poor’s Ratings Services or Moody’s Investors Service, Inc. then exists, the equivalent of such rating by any other nationally recognized securities ratings agency, by excluding any debt securities or instruments constituting loans or advances among the Company and its Subsidiaries;
- (4) investments in any fund that invests exclusively in investments of the type described in clauses (1) through (3) which fund may also hold immaterial amounts of cash and Cash Equivalents pending investment and/or distribution; and
- (5) corresponding instruments in countries other than those identified in clauses (1) and (2) above customarily utilized for high quality investments and, in each case, with maturities not exceeding two years from the date of the acquisition.

“Investment Grade Status” shall occur when the Notes receive both of the following:

- (1) a rating of “Baa3” (or the equivalent) or higher from Moody’s Investors Service, Inc. or any of its successors or assigns; and
- (2) a rating of “BBB-” (or the equivalent) or higher from Standard & Poor’s Ratings Services, or any of its successors or assigns,

in each case, with a “stable outlook” from such rating agency.

“IPO Market Capitalization” means an amount equal to (i) the total number of issued and outstanding shares of Capital Stock of the IPO Entity at the time of closing of the Initial Public Offering multiplied by (ii) the price per share at which such shares of common stock or common equity interests are sold in such Initial Public Offering.

“Issue Date” means the date of first issuance of the Notes.

“Law” means, collectively, all international, foreign, Federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any governmental authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any governmental authority, in each case whether or not having the force of law.

“Lien” means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

“Management Fees” means any management, consultancy or other similar fees payable by the Company or any Restricted Subsidiary.

“Market Capitalization” means an amount equal to (i) the total number of issued and outstanding shares of Capital Stock of the IPO Entity on the date of the declaration of the relevant dividend, multiplied by (ii) the arithmetic mean of the closing prices per share of such Capital Stock for the 30 consecutive trading days immediately preceding the date of the declaration of such dividend.

“Net Available Cash” from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but

only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

- (1) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all federal, state, provincial, foreign and local taxes required to be paid or accrued as a liability under GAAP (after taking into account any available tax credits or deductions and any tax sharing agreements), as a consequence of such Asset Disposition;
- (2) all payments made on any Indebtedness which is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon such assets, or which must by its terms, or in order to obtain a necessary consent to such Asset Disposition, or by applicable law be repaid out of the proceeds from such Asset Disposition;
- (3) all distributions and other payments required to be made to minority interest holders in Subsidiaries or joint ventures as a result of such Asset Disposition; and
- (4) the deduction of appropriate amounts to be provided by the seller as a reserve, in accordance with GAAP, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Company or any Restricted Subsidiary after such Asset Disposition.

“Net Cash Proceeds” means, with respect to any issuance or sale of Capital Stock, Subordinated Shareholder Loans and other capital contributions, the cash proceeds of such issuance or sale net of attorneys’ fees, accountants’ fees, underwriters’ or placement agents’ fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions and any tax sharing arrangements).

“New Immediate Holdco” means the direct or indirect Subsidiary of the Ultimate Parent following the Post-Closing Reorganization.

“Ntl South Herts” refers to ntl (South Hertfordshire) Limited a private limited company incorporated under the laws of England and Wales, together with its successors.

“Officer” of any Person means the Chairman of the Board of Directors, the Chief Executive Officer, the Chief Financial Officer, Deputy Chief Financial Officer, the President, any Vice President, any Managing Director, any Director, the Treasurer, any Assistant Treasurer, the Secretary or any Assistant Secretary, or any authorized signatory of such Person.

“Officer’s Certificate” means a certificate signed by an Officer.

“Opinion of Counsel” means a written opinion from legal counsel who is reasonably acceptable to the Trustee. The counsel may be an employee of or counsel to the Company or the Trustee.

“Parent” means the Ultimate Parent, any Subsidiary of the Ultimate Parent of which the Company is a Subsidiary on the Issue Date and any other Person of which the Company at any time is or becomes a Subsidiary after the Issue Date.

“Parent Expenses” means:

- (1) costs (including all professional fees and expenses) Incurred by any Parent in connection with reporting obligations under or otherwise Incurred in connection with compliance with applicable laws, applicable rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the Indenture or any other agreement or instrument relating to Indebtedness of the Company or any Restricted Subsidiary;
- (2) indemnification obligations of any Parent owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with any such Person with respect to its ownership of the Company or the conduct of the business of the Company and the Restricted Subsidiaries;
- (3) obligations of any Parent in respect of director and officer insurance (including premiums therefor) with respect to its ownership of the Company or the conduct of the business of the Company and the Restricted Subsidiaries; and
- (4) general corporate overhead expenses, including professional fees and expenses and other operational expenses of any Parent or Subsidiary of a Parent related to the ownership or operation of

the business (including, but not limited to, Intra-Group Services) of the Company or any of the Restricted Subsidiaries, including acquisitions or dispositions by the Company or the Subsidiaries permitted hereunder (whether or not successful), in each case, to the extent such costs, obligations and/or expenses are not paid by another Subsidiary of such Parent.

“Pari Passu Lien Obligations” means any Indebtedness that has Pari Passu Lien Priority relative to the Notes and the Note Guarantees with respect to the Collateral.

“Pari Passu Lien Priority” means, relative to specified Indebtedness and other obligations, having equal or substantially equal Lien priority to the Notes and the Note Guarantees, as the case may be, on the Collateral (taking into account any intercreditor agreements).

“Permitted Asset Swap” means the concurrent purchase and sale or exchange of related business assets (including, without limitation, securities of a Related Business) or a combination of such assets, cash and Cash Equivalents between the Company or any of the Restricted Subsidiaries and another Person.

“Permitted Business” means any business:

- (1) engaged in by the Company, the Issuer or any other Restricted Subsidiary on the Issue Date;
- (2) that consists of the upgrade, construction, creation, development, marketing, acquisition (to the extent permitted under the Indenture), operation, utilization and maintenance of networks that use existing or future technology for the transmission, reception and delivery of voice, video and/or other data (including networks that transmit, receive and/or deliver services such as multi-channel television and radio, programming, telephony (including for the avoidance of doubt, mobile telephony), Internet services and content, high speed data transmission, video, multi-media and related activities);
- (3) that supports, is incidental, ancillary or complementary to or is related to any such business including, without limitation, all forms of television, telephony and internet services and any services relating to carriers, networks, broadcast or communications services, or Content; or
- (4) that comprises being a Holding Company of one or more Persons engaged in such business.

“Permitted Holders” means, collectively, (1) the Ultimate Parent, (2) in the event of a Spin-Off, the Spin Parent and any Subsidiary of the Spin Parent, (3) any Affiliate or Related Person of a Permitted Holder described in clause (1) above, and any successor to such Permitted Holder, Affiliate, or Related Person, (3) any Person who is acting as an underwriter in connection with any public or private offering of Capital Stock of the Company, acting in such capacity and (4) any “person” or “group” of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) whose acquisition of “beneficial ownership” (within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act) of Voting Stock or of all or substantially all of the assets of the Company and the Restricted Subsidiaries (taken as a whole) constitutes a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the covenant described under “—*Certain Covenants—Change of Control*”.

“Permitted Investment” means an Investment by the Company or any Restricted Subsidiary in:

- (1) the Company or a Restricted Subsidiary (other than a Receivables Entity) or a Person which will, upon the making of such Investment, become a Restricted Subsidiary (other than a Receivables Entity);
- (2) another Person if as a result of such Investment such other Person is merged or consolidated with or into, or transfers or conveys all or substantially all its assets to, the Company or a Restricted Subsidiary (other than a Receivables Entity);
- (3) cash and Cash Equivalents or Investment Grade Securities;
- (4) receivables owing to the Company or any Restricted Subsidiary created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms; *provided, however*, that such trade terms may include such concessionary trade terms as the Company or any such Restricted Subsidiary deems reasonable under the circumstances;
- (5) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;
- (6) loans or advances to employees made in the ordinary course of business consistent with past practices of the Company or such Restricted Subsidiary;



- (7) Capital Stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to the Company or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor;
- (8) Investments made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets, including without limitation an Asset Disposition, in each case, that was made in compliance with “—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*” and other Investments resulting from the disposition of assets in transactions excluded from the definition of “Asset Disposition” pursuant to the exclusions from such definition;
- (9) any Investment existing on the Issue Date or made pursuant to binding commitments in effect on the Issue Date or an Investment consisting of any extension, modification, replacement, renewal or reinvestment of any Investment or binding commitment existing on the Issue Date or made in compliance with the covenant entitled “—*Certain Covenants—Limitation on Restricted Payments*”; *provided*, that the amount of any such Investment or binding commitment may be increased (a) as required by the terms of such Investment or binding commitment as in existence on the Issue Date (including as a result of the accrual or accretion of interest or original issue discount or the issuance of pay-in-kind securities) or (b) as otherwise permitted under the Indenture;
- (10) Currency Agreements, Commodity Agreements and Interest Rate Agreements and related Hedging Obligations, which transactions or obligations are Incurred in compliance with “—*Certain Covenants—Limitation on Indebtedness*”;
- (11) Investments by the Company or any of the Restricted Subsidiaries, together with all other Investments pursuant to this clause (11), in an aggregate amount at the time of such Investment not to exceed the greater of £350 million and 5.0% of Total Assets at any one time, *provided* that, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under “—*Certain Covenants—Limitation on Restricted Payments*”, such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of “Permitted Investments” and not this clause;
- (12) Investments by the Company or a Restricted Subsidiary in a Receivables Entity or any Investment by a Receivables Entity in any other Person, in each case, in connection with a Qualified Receivables Transaction, *provided, however*, that any Investment in any such Person is in the form of a Purchase Money Note, or any equity interest or interests in Receivables and related assets generated by the Company or a Restricted Subsidiary and transferred to any Person in connection with a Qualified Receivables Transaction or any such Person owning such Receivables;
- (13) guarantees issued in accordance with “—*Certain Covenants—Limitation on Indebtedness*” and other guarantees (and similar arrangements) of obligations not constituting Indebtedness;
- (14) pledges or deposits (a) with respect to leases or utilities provided to third parties in the ordinary course of business or (b) otherwise described in the definition of “Permitted Liens” or made in connection with Liens permitted under the covenant described under “—*Certain Covenants—Limitation on Liens*”;
- (15) the Notes and the Existing Senior Secured Notes;
- (16) so long as no Default or Event of Default of the type specified in clause (1) or (2) under “—*Events of Default*” has occurred and is continuing, (a) minority Investments in any Person engaged in a Permitted Business and (b) Investments in joint ventures that conduct a Permitted Business to the extent that, after giving *pro forma* effect to any such Investment, the Consolidated Net Leverage Ratio would not exceed 4.00 to 1.00;
- (17) any Investment to the extent made using as consideration Capital Stock of the Company (other than Disqualified Stock), Subordinated Shareholder Loans or Capital Stock of any Parent;
- (18) Investments acquired after the Issue Date as a result of the acquisition by the Company or a Restricted Subsidiary, including by way of merger, amalgamation or consolidation with or into the Company or any Restricted Subsidiary in a transaction that is not prohibited by the covenant described above under the caption “—*Certain Covenants—Merger and Consolidation*” after the Issue Date to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;

- (19) Permitted Joint Ventures;
- (20) [Reserved];
- (21) Investments resulting from the disposition of assets in transactions excluded from the definition of “Asset Disposition” pursuant to the exclusions from such definition;
- (22) any Person where such Investment was acquired by the Company, the Issuer or any other Restricted Subsidiary (a) in exchange for any other Investment or accounts receivable held by the Company, the Issuer or any such Restricted Subsidiary in connection with or as a result of a bankruptcy, workout, reorganization or recapitalization of the issuer of such other Investment or accounts receivable or (b) as a result of a foreclosure by the Company, the Issuer or any such Restricted Subsidiary with respect to any secured Investment or other transfer of title with respect to any secured Investment in default; and
- (23) any transaction to the extent constituting an Investment that is permitted and made in accordance with the provisions of the second paragraph of the covenant described under “—*Certain Covenants—Limitation on Affiliate Transactions*” (except those transactions described in clauses (1), (5), (9) and (22) of that paragraph).

“Permitted Joint Ventures” means one or more joint ventures formed by the contribution of some or all of the assets of the Virgin Media Business division pursuant to a Business Division Transaction to a joint venture formed by the Company or any of the Restricted Subsidiaries with one or more joint venturers.

“Permitted Liens” means:

- (1) Liens on Receivables and related assets of the type described in the definition of “Qualified Receivables Transaction” Incurred in connection with a Qualified Receivables Transaction;
- (2) pledges or deposits by such Person under workmen’s compensation laws, unemployment insurance laws or similar legislation, or good faith deposits in connection with bids, tenders, contracts (other than for the payment of Indebtedness) or leases to which such Person is a party, or deposits to secure public or statutory obligations of such Person or deposits of cash or United States government bonds to secure surety or appeal bonds to which such Person is a party, or deposits as security for contested taxes or import or customs duties or for the payment of rent, in each case Incurred in the ordinary course of business;
- (3) Liens imposed by law, including carriers’, warehousemen’s, mechanics’ landlords’, materialmen’s and repairmen’s or other like Liens, in each case for sums not yet overdue for a period of more than 60 days or that are bonded or being contested in good faith by appropriate proceedings;
- (4) Liens for taxes, assessments or other governmental charges not yet subject to penalties for non-payment or which are being contested in good faith by appropriate proceedings provided appropriate reserves required pursuant to GAAP have been made in respect thereof;
- (5) Liens in favor of issuers of surety or performance bonds or letters of credit or bankers’ acceptances issued pursuant to the request of and for the account of such Person in the ordinary course of its business;
- (6) encumbrances, ground leases, easements or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including, without limitation, minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of the Company and the Restricted Subsidiaries or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of the Company and the Restricted Subsidiaries;
- (7) [Reserved];
- (8) leases, licenses, subleases and sublicenses of assets (including, without limitation, real property and intellectual property rights) which do not materially interfere with the ordinary conduct of the business of the Company or the Restricted Subsidiaries;
- (9) Liens arising out of judgments, decrees, orders or awards not giving rise to an Event of Default so long as such Lien is adequately bonded and any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree, order or award have not been finally terminated or the period within which such proceedings may be initiated has not expired;

- (10) Liens for the purpose of securing the payment of all or a part of the purchase price of, or Capitalized Lease Obligations, Purchase Money Obligations or other payments Incurred to finance the acquisition, improvement or construction of, assets or property acquired or constructed in the ordinary course of business provided that such Liens do not encumber any other assets or property of the Company or the Restricted Subsidiaries other than such assets or property and assets affixed or appurtenant thereto;
- (11) Liens arising solely by virtue of any statutory or common law provisions or customary business provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depository institution; *provided* that such deposit account is not intended by the Company or the Restricted Subsidiaries to provide collateral to the depository institution;
- (12) Liens arising from United States Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding operating leases entered into by the Company and the Restricted Subsidiaries in the ordinary course of business;
- (13) Liens existing on, or provided for under written arrangements existing on, the Issue Date;
- (14) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary; *provided, however*, that any such Lien may not extend to any other property owned by the Company or any other Restricted Subsidiary;
- (15) Liens on property at the time the Company or a Restricted Subsidiary acquired the property, including any acquisition by means of a merger or consolidation with or into any Restricted Subsidiary; *provided, however*, that any such Lien may not extend to any other property owned by the Company or such Restricted Subsidiary;
- (16) Liens securing Indebtedness or other obligations of a Restricted Subsidiary owing to the Company or another Restricted Subsidiary;
- (17) Liens to secure (a) any Additional Notes, (b) Indebtedness that is permitted to be Incurred under the first paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*" or clauses (1), (3), (7), (12), (16) and (18) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*" and guarantees thereof, (c) Indebtedness that is permitted to be Incurred under clause (6) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*" and guarantees thereof; provided that, at the time of the acquisition or other transaction pursuant to which such Indebtedness was incurred and after giving effect to the Incurrence of such Indebtedness on a pro forma basis, (i) the Company and the Restricted Subsidiaries would have been able to incur £1.00 of additional Indebtedness pursuant to the first paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*" or (ii) the Consolidated Net Leverage Ratio would not be greater than it was immediately prior to giving pro forma effect to such acquisition or other transaction and to the Incurrence of such Indebtedness) and (d) any Refinancing Indebtedness in respect of Indebtedness referred to in the forgoing clauses (a), (b) and (c), *provided, however*, that (i) such Lien ranks equal to all other Liens on such Collateral securing Senior Indebtedness of the Issuer, such Subsidiary Guarantor or Virgin Media Finance, as applicable, if such Indebtedness is Senior Indebtedness of the Issuer, such Subsidiary Guarantor or Virgin Media Finance, as applicable, and (ii) the holders of Indebtedness referred to in this clause (17) (or their duly authorized Representatives) shall accede to the Intercreditor Deeds (as may be amended to reflect such Senior Indebtedness) or enter into an Additional Intercreditor Deed, in either case, as permitted above under the caption "*Certain Covenants—Intercreditor Deeds; Additional Intercreditor Deed*";
- (18) Liens securing Refinancing Indebtedness Incurred to refinance Indebtedness that was previously so secured, provided that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is the security for a Permitted Lien hereunder;
- (19) Liens securing the Notes or the Note Guarantees;
- (20) Liens on Capital Stock or other securities of any Unrestricted Subsidiary that secure Indebtedness or other obligations of such Unrestricted Subsidiary;
- (21) any interest or title of a lessor under any Capitalized Lease Obligations or operating leases;

- (22) any encumbrance or restriction (including, but not limited to, put and call arrangements) with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;
- (23) Liens over rights under loan agreements relating to, or over notes or similar instruments evidencing, the on-loan of proceeds received by a Restricted Subsidiary from the issuance of Indebtedness, which Liens are created to secure payment of such Indebtedness;
- (24) Liens of a Restricted Subsidiary that is not the Issuer or a Guarantor securing Indebtedness of a Restricted Subsidiary that is not the Issuer or a Guarantor;
- (25) any Liens in respect of the ownership interests in, or assets owned by, any joint ventures securing obligations of such joint ventures;
- (26) Liens on (a) Escrowed Proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or (b) cash set aside at the time of the incurrence of any Indebtedness or government securities purchased with such cash, in either case, to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in escrow accounts or similar arrangement to be applied for such purpose; and
- (27) Liens Incurred with respect to obligations that do not exceed the greater of (a) £250.0 million and (b) 5.0% of Total Assets at any time outstanding.

“Permitted Revolving Credit Facility” means, one or more debt facilities or arrangements (including, without limitation, the Senior Credit Facility) that may be entered into by Company and the Restricted Subsidiaries providing for revolving credit loans, letters of credit or other revolving Indebtedness or other advances, in each case, Incurred in compliance with the covenant described under “—*Certain Covenants—Limitation on Indebtedness.*”

“Person” means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision hereof or any other entity.

“Preferred Stock,” as applied to the Capital Stock of any corporation, partnership, limited liability company or other entity, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such entity, over shares of Capital Stock of any other class of such entity.

“*Pro forma* EBITDA” means, for any period, the Consolidated EBITDA of the Company and the Restricted Subsidiaries, *provided, however*, that for the purposes of calculating *Pro forma* EBITDA for such period, if, as of such date of determination:

- (1) since the beginning of such period the Company or any Restricted Subsidiary will have made any Asset Disposition or disposed of any company, any business, or any group of assets constituting an operating unit of a business (any such disposition, a “Sale”) or if the transaction giving rise to the need to calculate the Consolidated Net Leverage Ratio is such a Sale, *Pro forma* EBITDA for such period will be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the assets which are the subject of such Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such period;
- (2) since the beginning of such period the Company or any Restricted Subsidiary (by merger or otherwise) will have made an Investment in any Person that thereby becomes a Restricted Subsidiary, or otherwise acquires any company, any business, or any group of assets constituting an operating unit of a business (any such Investment or acquisition, a “Purchase”) including any such Purchase occurring in connection with a transaction causing a calculation to be made hereunder, Consolidated EBITDA for such period will be calculated after giving *pro forma* effect thereto as if such Purchase occurred on the first day of such period; and
- (3) since the beginning of such period any Person (that became a Restricted Subsidiary or was merged with or into the Company or any Restricted Subsidiary since the beginning of such period) will have made any Sale or any Purchase that would have required an adjustment pursuant to clause (1) or (2) above if made by the Company or a Restricted Subsidiary since the beginning of such period, Consolidated EBITDA for such period will be calculated after giving *pro forma* effect thereto as if such Sale or Purchase occurred on the first day of such period.

For purposes of this definition and the definition of Consolidated Net Leverage Ratio, (a) whenever *pro forma* effect is to be given to any transaction or calculation, the *pro forma* calculations will be as determined in good faith by a responsible financial or accounting officer of the Company (including without limitation in respect of anticipated expense and cost reductions) including, without limitation, as a result of, or that would result from any actions taken, committed to be taken or with respect to which substantial steps have been taken, by the Company or any Restricted Subsidiary including, without limitation, in connection with any cost reduction synergies or cost savings plan or program or in connection with any transaction, investment, acquisition, disposition, restructuring, corporate reorganization or otherwise (regardless of whether these cost savings and cost reduction synergies could then be reflected in *pro forma* financial statements to the extent prepared), (b) in determining the amount of Indebtedness outstanding on any date of determination, *pro forma* effect shall be given to any Incurrence, repayment, repurchase, defeasance or other acquisition, retirement or discharge of Indebtedness as if such transaction had occurred on the first day of the relevant period and (c) interest on any Indebtedness that bears interest at a floating rate and that is being given *pro forma* effect shall be calculated as if the rate in effect on the date of calculation had been applicable for the entire period (taking into account any Hedging Obligations applicable to such Indebtedness).

“Public Debt” means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (1) a public offering registered under the Securities Act or (2) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A or Regulation S under the Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale. The term “Public Debt” (a) shall not include the Notes (or any Additional Notes) and (b) for the avoidance of doubt, shall not be construed to include any Indebtedness issued to institutional investors in a direct placement of such Indebtedness that is not underwritten by an intermediary (it being understood that, without limiting the foregoing, a financing that is distributed to not more than ten Persons (*provided* that multiple managed accounts and affiliates of any such Persons shall be treated as one Person for the purposes of this definition) shall be deemed not to be underwritten), or any Indebtedness under the Senior Credit Facility or a Permitted Revolving Credit Facility, commercial bank or similar Indebtedness, Capitalized Lease Obligation or recourse transfer of any financial asset or any other type of Indebtedness incurred in a manner not customarily viewed as a “securities offering.”

“Public Market” means any time after an Equity Offering has been consummated, shares of common stock or other common equity interests of the IPO Entity having a market value in excess of £75 million on the date of such Equity Offering have been distributed pursuant to such Equity Offering.

“Public Offering” means any offering, including an Initial Public Offering, of shares of common stock or other common equity interests that are listed on an exchange or publicly offered (which shall include any offering pursuant to Rule 144A and/or Regulation S under the Securities Act to professional market investors or similar persons).

“Public Offering Expenses” means expenses Incurred by any Parent in connection with any public offering of Capital Stock or Indebtedness (whether or not successful):

- (1) where the net proceeds of such offering are intended to be received by or contributed or loaned to the Company or a Restricted Subsidiary; or
- (2) in a prorated amount of such expenses in proportion to the amount of such net proceeds intended to be so received, contributed or loaned; or
- (3) otherwise on an interim basis prior to completion of such offering so long as any Parent shall cause the amount of such expenses to be repaid to the Company or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed, in each case, to the extent such expenses are not paid by another Subsidiary of such Parent.

“Purchase Money Note” means a promissory note of a Receivables Entity evidencing the deferred purchase price of Receivables (and related assets) and/or a line of credit, which may be irrevocable, from the Company or any Restricted Subsidiary in connection with a Qualified Receivables Transaction with a Receivables Entity, which deferred purchase price or line is repayable from cash available to the Receivables Entity, other than amounts required to be established as reserves pursuant to agreements, amounts paid to investors in respect of interest, principal and other amounts owing to such investors and amounts owing to such investors and amounts paid in connection with the purchase of newly generated Receivables.

“Purchase Money Obligations” means any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including Capital Stock), and

whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

“Qualified Receivables Transaction” means any transaction or series of transactions that may be entered into by the Company or any of the Restricted Subsidiaries pursuant to which the Company or any of the Restricted Subsidiaries may sell, convey or otherwise transfer to (1) a Receivables Entity (in the case of a transfer by the Company or any of the Restricted Subsidiaries) and (2) any other Person (in the case of a transfer by a Receivables Entity), or may grant a security interest in, any Receivables (whether now existing or arising in the future) of the Company or any of the Restricted Subsidiaries, and any assets related thereto including, without limitation, all collateral securing such Receivables, all contracts and all guarantees or other obligations in respect of such accounts receivable, the proceeds of such Receivables and other assets which are customarily transferred, or in respect of which security interests are customarily granted, in connection with asset securitization involving Receivables.

“Receivable” means a right to receive payment arising from a sale or lease of goods or the performance of services by a Person pursuant to an arrangement with another Person pursuant to which such other Person is obligated to pay for goods or services under terms that permit the purchase of such goods and services on credit and shall include, in any event, any items of property that would be classified as an “account,” “chattel paper,” “payment intangible” or “instrument” under the Uniform Commercial Code as in effect in the State of New York and any “supporting obligations” as so defined.

“Receivables Entity” means a Wholly Owned Subsidiary of the Company (or another Person in which the Company or any Restricted Subsidiary makes an Investment and to which the Company or any Restricted Subsidiary transfers Receivables and related assets) which engages in no activities other than in connection with the financing of Receivables and which is designated by the Board of Directors of the Company (as provided below) as a Receivables Entity:

- (1) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which:
  - (a) is guaranteed by the Company or any Restricted Subsidiary (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings);
  - (b) is recourse to or obligates the Company or any Restricted Subsidiary in any way other than pursuant to Standard Securitization Undertakings; or
  - (c) subjects any property or asset of the Company or any Restricted Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;
- (2) with which neither the Company nor any Restricted Subsidiary has any material contract, agreement, arrangement or understanding (except in connection with a Purchase Money Note or Qualified Receivables Transaction) other than on terms no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Company, other than fees payable in the ordinary course of business in connection with servicing Receivables; and
- (3) to which neither the Company nor any Restricted Subsidiary has any obligation to maintain or preserve such entity’s financial condition or cause such entity to achieve certain levels of operating results.

Any such designation by the Board of Directors of the Company shall be evidenced to the Trustee by promptly filing with the Trustee a certified copy of the resolution of the Board of Directors of the Company giving effect to such designation and an Officer’s Certificate certifying that such designation complied with the foregoing conditions.

“Refinancing Indebtedness” means Indebtedness that is Incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) (collectively, “refinance,” “refinances,” and “refinanced” shall have a correlative meaning) any Indebtedness existing on the Issue Date or Incurred in compliance with the Indenture (including Indebtedness of the Company that refinances Indebtedness of any Restricted Subsidiary and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness, including successive refinancings, *provided, however*, that:

- (1) if the Indebtedness being refinanced constitutes Subordinated Obligations, (a) if the Stated Maturity of the Indebtedness being refinanced is earlier than the Stated Maturity of the Notes, the Refinancing Indebtedness has a Stated Maturity no earlier than the Stated Maturity of the Indebtedness being refinanced or (b) if the Stated Maturity of the Indebtedness being refinanced is later than the Stated Maturity of the Notes, the Refinancing Indebtedness has a Stated Maturity later than the Stated Maturity of the Notes;
- (2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced plus an amount to pay any interest, fees and expenses, premiums and defeasance costs, Incurred in connection therewith; and
- (3) if the Indebtedness being refinanced constitutes Subordinated Obligations, such Refinancing Indebtedness is subordinated in right of payment to the Notes on terms at least as favorable to the holders of the Notes as those contained in the documentation governing the Indebtedness being refinanced.

Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be Incurred from time to time after the termination, discharge or repayment of all or any part of any such Credit Facility or other Indebtedness.

“Related Business” means any business that is the same as or related, ancillary or complementary to, any of the businesses of the Company and the Restricted Subsidiaries on the Issue Date.

“Related Person” with respect to any Permitted Holder, means:

- (1) any controlling equity holder or majority (or more) owned Subsidiary of such Permitted Holder; or
- (2) in the case of an individual, any spouse, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individual and any such spouse, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof; or
- (3) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons of any thereof constitute the beneficiaries, stockholders, partners or owners thereof, or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein.

“Related Taxes” means:

- (1) any taxes, including but not limited to sales, use, transfer, rental, *ad valorem*, value added, stamp, property, consumption, franchise, license, capital, registration, business, customs, net worth, gross receipts, excise, occupancy, intangibles or similar taxes (other than (x) taxes measured by income and (y) withholding imposed on payments made by any Parent), required to be paid by any Parent by virtue of its:
  - (a) being organized or having Capital Stock outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than the Company or any of the Company’s Subsidiaries), or
  - (b) being a holding company parent of the Company or any of the Company’s Subsidiaries, or
  - (c) receiving dividends from or other distributions in respect of the Capital Stock of the Company, or any of the Company’s Subsidiaries, or
  - (d) having guaranteed any obligations of the Company or any Subsidiary of the Company, or
  - (e) having made any payment in respect to any of the items for which the Company is permitted to make payments to any Parent pursuant to “—*Certain Covenants—Limitation on Restricted Payments.*”

in each case, to the extent such taxes are not paid by another Subsidiary or such Parent; or

- (2) any taxes measured by income for which any Parent is liable up to an amount not to exceed with respect to such taxes the amount of any such taxes that the Company and its Subsidiaries would have been required to pay on a separate company basis or on a consolidated basis if the Company and its Subsidiaries had paid tax on a consolidated, combined, group, affiliated or unitary basis on behalf of an affiliated group consisting only of the Company and its Subsidiaries and any taxes imposed by way of withholding on payments made by one Parent to another Parent on any financing that is provided, directly or indirectly in relation to the Company and its Subsidiaries (reduced by any taxes measured by income actually paid by the Company and its Subsidiaries).

“Representative” means any trustee, agent or representative (if any) for an issue of Senior Indebtedness or the provider of Senior Indebtedness (if provided on a bilateral basis), as the case may be.

“Restricted Investment” means any Investment other than a Permitted Investment.

“Restricted Subsidiary” means any Subsidiary of the Company together with ntl Glasgow and ntl Kirklees other than an Unrestricted Subsidiary.

“Revolving Facility Excluded Amount” means the greater of (1) £500,000,000 (or its equivalent in other currencies) and (2) 0.25 multiplied by the Pro forma EBITDA of the Company and the Restricted Subsidiaries on a Consolidated basis for the period of the most recent two consecutive fiscal quarters for which financial statements have previously been furnished to holders pursuant to the covenant described under “—*Certain Covenants—Reports*,” multiplied by 2.0.

“SEC” means the United States Securities and Exchange Commission. “Securities Act” means the United States Securities Act of 1933, as amended.

“Security Documents” means the mortgages, deeds of trust, deeds to secure debt, security agreements, security trust agreements, pledge agreements, agency agreements and other instruments and documents executed and delivered pursuant to the Indenture or any of the foregoing, as the same may be amended, supplemented or otherwise modified from time to time and pursuant to which Collateral is pledged, assigned or granted to or on behalf of the Security Trustee for the ratable benefit of the holders and the Trustee or notice of such pledge, assignment or grant is given.

“Security Trustee” means Deutsche Bank AG, London Branch, or any successors thereto.

“Senior Credit Facility” means the senior facility agreement dated as of June 7, 2013, between, among others, the Company and certain financial institutions as lenders thereunder, as amended or supplemented from time to time.

“Senior Indebtedness” means, whether outstanding on the Issue Date or thereafter Incurred, all amounts payable by, under or in respect of all other Indebtedness of the Issuer, the Company or any other Guarantor, including premiums and accrued and unpaid interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Issuer, the Company or such other Guarantor at the rate specified in the documentation with respect thereto whether or not a claim for post filing interest is allowed in such proceeding) and fees relating thereto; *provided, however*, that Senior Indebtedness will not include:

- (1) any Indebtedness Incurred in violation of the Indenture;
- (2) any obligation of the Company to any Restricted Subsidiary or any obligation of any Guarantor to the Company or any Restricted Subsidiary;
- (3) any liability for taxes owed or owing by the Company or any Restricted Subsidiary;
- (4) any accounts payable or other liability to trade creditors arising in the ordinary course of business (including guarantees thereof or instruments evidencing such liabilities);
- (5) any Indebtedness, guarantee or obligation of the Issuer, the Company or any other Guarantor that is expressly subordinate or junior in right of payment to any other Indebtedness, guarantee or obligation of the Issuer, the Company or such other Guarantor, including, without limitation, any Subordinated Obligation; or
- (6) any Capital Stock.



“Senior Notes” means collectively (1) the \$400 million aggregate principal amount of 5<sup>3</sup>/<sub>4</sub>% Senior Notes due 2025 and (2) the €460 million aggregate principal amount of 4<sup>1</sup>/<sub>2</sub>% Senior Notes due 2025, issued by Virgin Media Finance on the Issue Date.

“Senior Notes Indenture” means the indenture governing the Senior Notes to be dated as of the Issue Date, between, among others, the Virgin Media Finance and The Bank of New York Mellon, London Branch, as trustee, as amended or supplemented from time to time.

“Significant Subsidiary” means any Restricted Subsidiary which, together with the Restricted Subsidiaries of such Restricted Subsidiary, accounted for more than 10% of the Total Assets of the Company for the most recently completed fiscal year.

“Specified Legal Expenses” means, to the extent not constituting an extraordinary, non-recurring or unusual loss, charge or expense, all attorneys’ and experts’ fees and expenses and all other costs, liabilities (including all damages, penalties, fines and indemnification and settlement payments) and expenses paid or payable in connection with any threatened, pending, completed or future claim, demand, action, suit, proceeding, inquiry or investigation (whether civil, criminal, administrative, governmental or investigative).

“Spin-Off” means a transaction by which all outstanding ordinary shares of Virgin Media Communications or a Parent of Virgin Media Communications directly or indirectly owned by the Ultimate Parent are distributed to all of the Ultimate Parent’s shareholders either directly or indirectly through the distribution of shares in a company holding Virgin Media Communications’ shares or Parent’s shares.

“Spin Parent” means the company the shares of which are distributed to the shareholders of the Ultimate Parent pursuant to the Spin-Off.

“Standard Securitization Undertakings” means representations, warranties, covenants and indemnities entered into by the Company or any Restricted Subsidiary which are reasonably customary in securitization of Receivables transactions.

“Stated Maturity” means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision, but shall not include any contingent obligations to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

“Sterling Equivalent” means with respect to any monetary amount in a currency other than pounds sterling, at any time of determination thereof, the amount of pounds sterling obtained by converting such foreign currency involved in such computation into pounds sterling at the average of the spot rates for the purchase and sale of pounds sterling with the applicable foreign currency as quoted on or recorded in any recognized source of foreign exchange rates at least two Business Days (but not more than five Business Days) prior to such determination.

“Subordinated Obligation” means, in the case of the Issuer, any Indebtedness of the Issuer (whether outstanding on the Issue Date or thereafter Incurred) which is expressly subordinate or junior in right of payment to the Notes pursuant to a written agreement and, in the case of a Guarantor, any Indebtedness of such Guarantor (whether outstanding on the Issue Date or thereafter Incurred) which is expressly subordinate or junior in right of payment to the Note Guarantee of such Guarantor pursuant to a written agreement.

“Subordinated Shareholder Loans” means Indebtedness of the Company (and any security into which such Indebtedness, other than Capital Stock, is convertible or for which it is exchangeable at the option of the holder) issued to and held by any Affiliate (other than a Restricted Subsidiary) that (either pursuant to its terms or pursuant to an agreement with respect thereto):

- (1) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Stated Maturity of the Notes (other than through conversion or exchange of such Indebtedness into Capital Stock (other than Disqualified Stock) of the Company or any Indebtedness meeting the requirements of this definition);
- (2) does not require, prior to the first anniversary of the Stated Maturity of the Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts;
- (3) contains no change of control or similar provisions that are effective, and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment prior to the first anniversary of the Stated Maturity of the Notes;

- (4) does not provide for or require any security interest or encumbrance over any asset of the Company or any of the Restricted Subsidiaries;
- (5) is subordinated in right of payment to the prior payment in full of the Notes in the event of (a) a total or partial liquidation, dissolution or winding up of the Company, (b) a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to the Company or its property, (c) an assignment for the benefit of creditors or (d) any marshalling of the Company's assets and liabilities;
- (6) under which the Company may not make any payment or distribution of any kind or character with respect to any obligations on, or relating to, such Subordinated Shareholder Loans if (a) a payment Default on the Notes occurs and is continuing or (b) any other Default under the Indenture occurs and is continuing on the Notes that permits the holders of the Notes to accelerate their maturity and the Company receives notice of such Default from the requisite holders of the Notes, until in each case the earliest of (i) the date on which such Default is cured or waived or (ii) 180 days from the date such Default occurs (and only once such notice may be given during any 360 day period); and
- (7) under which, if the holder of such Subordinated Shareholder Loans receives a payment or distribution with respect to such Subordinated Shareholder Loan (a) other than in accordance with the Indenture or as a result of a mandatory requirement of applicable law or (b) under circumstances described under clauses (5)(a) through (d) above, such holder will forthwith pay all such amounts to the Trustee or the Security Trustee to be held in trust for application in accordance with the Indenture.

“Subsidiary” of any Person means (a) any corporation, association or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total ordinary voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof (or Persons performing similar functions) or (b) any partnership, joint venture limited liability company or similar entity of which more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, is, in the case of clauses (a) and (b), at the time owned or controlled, directly or indirectly, by (1) such Person, (2) such Person and one or more Subsidiaries of such Person or (3) one or more Subsidiaries of such Person. Unless otherwise specified herein, each reference to a Subsidiary will refer to a Subsidiary of the Company.

“Subsidiary Guarantors” refers to the Subsidiaries of the Company that have on the Issue Date provided guarantees under the Existing Senior Secured Notes and the Senior Credit Facility together with the Affiliate Guarantors, and subsequently, together with any Person that becomes a Subsidiary Guarantor after the Issue Date pursuant to the terms of the Indenture;

“Successor Reporting Entity” means any successor to the Ultimate Parent or any Parent of the Company that files an Annual Report on Form 10-K with the SEC.

“Tax Sharing Agreement” means the tax cooperation agreement entered into with effect as of the 3rd day of March, 2006, by and between (i) Virgin Media and (ii) the Company and Telewest Communications Networks Limited, as amended or supplemented from time to time.

“Total Assets” means the Consolidated total assets of the Company and the Restricted Subsidiaries as shown on the most recent balance sheet (excluding the footnotes thereto) of the Company (and, in the case of any determination relating to any Incurrence of Indebtedness or any Restricted Payment, on a pro forma basis including any property or assets being acquired in connection therewith).

“Trade Payables” means, with respect to any Person, any accounts payable or an Indebtedness or monetary obligation to trade creditors created, assumed or guaranteed by such Person arising in the ordinary course of business in connection with the acquisition of goods or services.

“UK Government Obligations” means sovereign obligations of the UK for the timely payment of which its full faith and credit is pledged, in each case which are payable in pounds sterling and not callable or redeemable at the option of the issuer thereof.

“Ultimate Parent” means Liberty Global plc and any and all successors thereto.

“Unrestricted Subsidiary” means:

- (1) any Subsidiary of the Company that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors of the Company in the manner provided below; and
- (2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of the Company may designate any Subsidiary of the Company (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger or consolidation or Investment therein) to be an Unrestricted Subsidiary only if:

- (1) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of or have any Investment in, or own or hold any Lien on any property of, any other Subsidiary of the Company which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary; and
- (2) such designation and the Investment of the Company in such Subsidiary complies with “—*Certain Covenants—Limitation on Restricted Payments*”.

Any such designation by the Board of Directors of the Company shall be evidenced to the Trustee by promptly filing with the Trustee a resolution of the Board of Directors of the Company giving effect to such designation and an Officer’s Certificate certifying that such designation complies with the foregoing conditions. If, at any time, any Unrestricted Subsidiary would fail to meet the foregoing requirements as an Unrestricted Subsidiary, it shall thereafter cease to be an Unrestricted Subsidiary for purposes of the Indenture and any Indebtedness of such Subsidiary shall be deemed to be Incurred as of such date.

The Board of Directors of the Company may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that immediately after giving effect to such designation, no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof and either (1) the Company and the Restricted Subsidiaries could Incur at least £1.00 of additional Indebtedness under the first paragraph of the covenant described under the covenant described under “—*Certain Covenants—Limitation on Indebtedness*” or (2) the Consolidated Net Leverage Ratio would be no greater than it was immediately prior to giving effect to such designation, in each case, on a *pro forma* basis taking into account such designation.

“UPC Ireland Acquisition” means the acquisition of UPC Broadband Ireland Ltd (or its successor) and its Subsidiaries.

“U.S. Government Obligations” means direct obligations of, or obligations guaranteed by, the United States of America, and the payment for which the United States pledges its full faith and credit.

“Virgin Group” means Virgin Media and its Subsidiaries.

“Virgin Media” means Virgin Media Inc., an indirect parent company of the Company, together with its successors (by merger, consolidation, transfer, conversion of legal form or otherwise).

“Virgin Media Communications” means Virgin Media Communications Limited, a company incorporated under the laws of England and Wales, together with its successors (by merger, consolidation, transfer, conversion of legal form or otherwise).

“Virgin Media Holding Company” means any Person of which the Company is a direct or indirect Wholly Owned Subsidiary.

“Virgin Reporting Entity” refers to Virgin Media, or following such election in accordance with paragraph 5 of the covenant described under “—*Certain Covenants—Reports*”, Virgin Media Finance or another Parent of Virgin Media Finance.

“Virgin Media Finance” refers to Virgin Media Finance PLC, a public limited company incorporated under the laws of England and Wales, together with its successors.

“Voting Stock” of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors.

“Wholly Owned Subsidiary” means (1) in respect of any Person, a Person, all of the Capital Stock of which (other than directors’ qualifying shares or an immaterial amount of shares required to be owned by other

Persons pursuant to applicable law, regulation or to ensure limited liability) is owned by that Person directly or (2) indirectly by a Person that satisfies the requirements of clause (1).

## DESCRIPTION OF THE SENIOR NOTES

Virgin Media Finance PLC (the “**Issuer**”) has issued the Notes (as defined below) under the Indenture (the “**Indenture**”), dated as of the Issue Date, between, among others, the Issuer and The Bank of New York Mellon, London Branch, as trustee (the “**Trustee**”). You will find the definitions of capitalized terms not otherwise defined in this description under the heading “—*Certain Definitions*.” For purposes of this description, references to the “**Issuer**,” “**we**,” “**our**” and “**us**” refer only to Virgin Media Finance PLC, and not to any of its Subsidiaries.

The Indenture will be unlimited in aggregate principal amount, but the aggregate principal amount of Notes issued in this offering is limited to €460 million senior notes (the “**Euro Notes**”) and \$400 million senior notes (the “**Dollar Notes**” and, together with the Euro Notes, the “**Notes**”). The Issuer may issue an unlimited amount of additional notes having identical terms and conditions to the Notes under the Indenture (the “**Additional Notes**”). The Issuer will only be permitted to issue such Additional Notes if, at the time of such issuance, it is in compliance with the covenants contained in the Indenture. Any Additional Notes will be part of the same issue as the Notes we are currently offering and will vote on all matters with the holders of the Notes. Unless expressly stated otherwise, in this “*Description of the Senior Notes*”, when we refer to the Notes, the reference includes the Notes issued on the Issue Date and any Additional Notes.

The proceeds of the offering of the Notes sold on the Issue Date will be used by the Issuer for (i) general corporate purposes, which may include the funding of potential acquisitions, including, if consummated, the UPC Ireland Acquisition, and distributions to the Issuer’s direct and indirect parent companies and (ii) to pay fees and expenses incurred in connection with the issuance of the Notes as set forth in this listing particulars under the caption “*Use of Proceeds*.”

Except as otherwise stated herein, the Notes are treated as a single class of Notes under the Indenture, including with respect to waivers and amendments. As a result, among other things, holders of each series of Notes do not have separate and independent rights to give notice of a Default or to direct the Trustee to exercise remedies in the event of a Default with respect to the Notes or otherwise.

The Issuer has applied to list the Notes on the Official List of the Luxembourg Stock Exchange and to trade on the Euro MTF of the Luxembourg Stock Exchange (the “**Euro MTF**”).

This “*Description of the Senior Notes*” is intended to be a useful overview of the material provisions of the Notes and the Indenture. As this “*Description of the Senior Notes*” is only a summary, you should refer to the Indenture for a complete description of the obligations of the Issuer and your rights. Copies of the Indenture are available as set forth under “*Listing and General Information*.”

### General

#### *The Notes*

The Notes will mature on January 15, 2025 and will initially be guaranteed by the Guarantors as described below under “—*Ranking of the Notes and Note Guarantees*.”

The Issuer has issued the Euro Notes in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof and the Dollar Notes in minimum denominations of \$200,000 and integral multiples of \$1,000 in excess thereof.

#### *Interest*

Interest on the Euro Notes will accrue at the rate of 4.500% per annum and interest on the Dollar Notes will accrue at the rate of 5.750% per annum and, in each case, will be payable in the currency in which such Notes are denominated semi-annually in arrears on January 15 and July 15, commencing on July 15, 2015. Interest on the Notes will accrue from the Issue Date. The Issuer will make each interest payment to the holders of record of the Notes on the immediately preceding January 1 and July 1. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

#### *Payments on the Notes*

Principal, premium, if any, interest, and Additional Amounts (as defined under “—*Withholding Taxes*”), if any, on the Global Notes (as defined under “—*Transfer and Exchange*”) will be payable, and the Global Notes may be exchanged or transferred, at the corporate trust office or agency of the Trustee in London, England

except that, at the option of the Issuer, payment of interest may be made by check mailed to the address of the holders of the Notes as such address appears in the Note register. Payments on the Euro Global Notes (as defined under “—*Transfer and Exchange*”) will be made to the common depositary or its nominee as the registered holder of the Euro Global Notes and payments on the Dollar Global Notes (as defined under “—*Transfer and Exchange*”) will be made to Cede & Co. as the registered holder of the Dollar Global Notes.

The rights of holders to receive the payments of principal, premium, if any, interest, and Additional Amounts, if any, on such Global Notes are subject to applicable procedures of DTC, Euroclear and Clearstream (each as defined under “—*Transfer and Exchange*”). The Issuer will pay interest on the Notes to Persons who are registered holders at the close of business on the record date immediately preceding the interest payment date for such interest. Such holders must surrender their Notes to a Paying Agent to collect principal payments.

Principal, premium, if any, interest, and Additional Amounts, if any, on the Notes issued in certificated non-global form (“**Definitive Registered Notes**”) will be payable at the office of the Principal Paying Agent in London, England, in respect of the Euro Notes, and at the office of the Paying Agent in New York, New York, in respect of the Dollar Notes, except that, at the option of the Issuer, payment of interest may be made by check mailed to the address of the holders of Definitive Registered Notes as such address appears in the register for Definitive Registered Notes. The Issuer will pay interest on Definitive Registered Notes to persons who are registered holders at the close of business on the record date immediately preceding the interest payment date for such interest. Such holders must surrender their Definitive Registered Notes to a Paying Agent to collect principal payments.

If the due date for any payment in respect of any Notes is not a Business Day at the place at which such payment is due to be paid, the holders thereof will not be entitled to payment of the amount due until the next succeeding Business Day at such place, and will not be entitled to any further interest or other payment as a result of any such delay.

#### ***Paying Agent and Registrar***

The Issuer will maintain one or more paying agents (each, a “**Paying Agent**”) for the Notes in each of (a) London (the “**Principal Paying Agent**”) and (b) the Borough of Manhattan, City of New York. The Bank of New York Mellon, London Branch, will initially act as Paying Agent in London and The Bank of New York Mellon will initially act as Paying Agent in New York.

The Issuer will also maintain one or more registrars (each, a “**Registrar**”) for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market and the rules of the Luxembourg Stock Exchange so require. The Issuer will also maintain a transfer agent. The initial Registrar for the Euro Notes will be The Bank of New York Mellon (Luxembourg) S.A. in Luxembourg and the initial Registrar for the Dollar Notes will be The Bank of New York Mellon. The initial transfer agent with respect to the Euro Notes will be The Bank of New York Mellon, London Branch and the initial transfer agent with respect to the Dollar Notes will be The Bank of New York Mellon. The Registrar will maintain a register on behalf of the Issuer for so long as the Notes remain outstanding reflecting ownership of Definitive Registered Notes outstanding from time to time. The Paying Agents will make payments on, and the transfer agents will facilitate transfer of, Definitive Registered Notes on behalf of the Issuer. In the event that the Notes are no longer listed, the Issuer or its agent will maintain a register reflecting ownership of the Notes.

The Issuer may change a Paying Agent, Registrar or transfer agent for the Notes without prior notice to the holders of Notes, and the Issuer may act as Paying Agent, Registrar or transfer agent for the Notes. In the event that a Paying Agent, Registrar or transfer agent is replaced, the Issuer will provide notice thereof in accordance with the procedures described under “—*Notices*.”

In addition, the Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the European Council of Economics and Finance Ministers (“**ECOFIN**”) meeting of November 26-27, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive.

### ***Transfer and Exchange***

The Notes have been issued in the form of several registered notes in global form, without interest coupons, as follows:

- Each series of Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the “**144A Global Notes**”):
  - The 144A Global Notes representing the Dollar Notes (the “**Dollar 144A Global Notes**”) will, on the Issue Date, be deposited with a custodian for The Depository Trust Company (“**DTC**”) and registered in the name of Cede & Co., as nominee of DTC.
  - The 144A Global Notes representing the Euro Notes (the “**Euro 144A Global Notes**”), will, on the Issue Date, be deposited with the common depository for the accounts of Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking, *société anonyme* (“**Clearstream**”) and registered in the name of a nominee of the common depository.
- Each series of Notes sold outside the United States pursuant to Regulation S under the Securities Act will initially be represented by temporary notes in registered, global form without interest coupons (the “**Regulation S Temporary Global Notes**”):
  - The Regulation S Temporary Global Notes representing the Dollar Notes (the “**Dollar Regulation S Temporary Global Notes**”) will initially be credited within DTC for the accounts of Euroclear and Clearstream.
  - The Regulation S Temporary Global Notes representing the Euro Notes (the “**Euro Regulation S Temporary Global Notes**”) will, on the Issue Date, be deposited with the common depository for the accounts of Euroclear and Clearstream and registered in the name of a nominee of the common depository.

Through and including the 40<sup>th</sup> day after the closing of this offering (such period, through and including such 40<sup>th</sup> day, the “distribution compliance period” as defined in Regulation S), beneficial interests in the Regulation S Temporary Global Notes may be held only through Euroclear and Clearstream (as indirect participants in DTC with respect to the Dollar Regulation S Temporary Global Notes) unless transferred to a person that takes delivery through a 144A Global Note in accordance with the certification requirements described under “*Book-Entry Settlement and Clearance—Transfers.*” After the expiration of the distribution compliance period the Dollar Regulation S Temporary Global Notes will be exchanged for one or more permanent notes in registered, global form without interest coupons (the “**Dollar Regulation S Permanent Global Notes**” and together with the Dollar Regulation S Temporary Global Notes, the “**Dollar Regulation S Global Notes**”, and together with the Dollar 144A Global Notes, the “**Dollar Global Notes**”) and the Euro Regulation S Temporary Global Notes will be exchanged for one or more permanent notes in registered, global form without interest coupons (the “**Euro Regulation S Permanent Global Notes**” and, together with the Euro Regulation S Temporary Global Notes, the “**Euro Regulation S Global Notes**”, and together with the Euro 144A Global Notes, the “**Euro Global Notes**”, and together with the Dollar Global Notes, the “**Global Notes**”) in compliance with the transfer restrictions applicable to the Notes pursuant to Regulation S as provided in the Indenture. After the 40-day distribution compliance period ends, investors may also hold their interests in the Dollar Regulation S Permanent Global Notes through organizations other than Clearstream or Euroclear that are DTC participants. The Euro Regulation S Permanent Global Notes and the Dollar Regulation S Permanent Notes are collectively referred to herein as the “**Regulation S Permanent Global Notes**”. The term “**Regulation S Global Notes**” as used herein shall refer to either Regulation S Temporary Global Notes or the Regulation S Permanent Global Notes, as the context requires.

Ownership of interests in the Global Notes (“**Book-Entry Interests**”) will be limited to persons that have accounts with DTC, Euroclear or Clearstream, as applicable, or persons that may hold interests through such participants. Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under “*Transfer Restrictions.*” In addition, transfers of Book-Entry Interests between participants in DTC, participants in Euroclear or participants in Clearstream will be effected by DTC, Euroclear or Clearstream, as applicable, pursuant to customary procedures and subject to the applicable rules and procedures established by DTC, Euroclear or Clearstream, as applicable, and their respective participants.

Book-Entry Interests in the 144A Global Notes may be transferred to a person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Notes denominated in the same currency only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the Securities Act.

Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of 144A Book-Entry Interests only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a “qualified institutional buyer” within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under “*Transfer Restrictions*” and in accordance with any applicable securities law of any other jurisdiction.

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred.

Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of €100,000 or \$200,000 principal amount, as the case may be, and integral multiples of €1,000 in excess thereof or \$1,000 in excess thereof, as the case may be, upon receipt by the applicable Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by DTC, Euroclear or Clearstream, as applicable, from the participant which owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer to be in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under “*Transfer Restrictions*.”

Subject to the restrictions on transfer referred to above, Euro Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of €100,000 in principal amount and integral multiples of €1,000 in excess thereof and Dollar Notes issued as Definitive Registered Notes may be transferred or exchanged in whole or in part, in minimum denominations of \$200,000 in principal amount and integral multiples of \$1,000 in excess thereof. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging holder to, among other things, furnish appropriate endorsements and transfer documents, to furnish information regarding the account of the transferee at DTC, Euroclear or Clearstream where appropriate, to furnish certain certificates and opinions, and to pay any taxes, duties and governmental charges in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the holder, other than any taxes, duties and governmental charges payable in connection with such transfer.

Notwithstanding the foregoing, the Issuer is not required to register the transfer of any Definitive Registered Note in registered form:

- (1) for a period of 15 calendar days prior to any date fixed for the redemption of the Notes;
- (2) for a period of 15 calendar days immediately prior to the date fixed for selection of Notes to be redeemed in part;
- (3) for a payment period of 15 calendar days prior to the record date with respect to any interest payment date; or
- (4) that the registered holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Disposition Offer.

The Issuer, the Trustee and the Paying Agents will be entitled to treat the registered holder as the owner of it for all purposes.

## **Ranking of the Notes and Note Guarantees**

### ***General***

The Notes:

- are general senior unsecured obligations of the Issuer;



- rank *pari passu* in right of payment with any existing and future Senior Indebtedness of the Issuer (including the Existing Senior Notes and the guarantees of the Senior Credit Facility and the Existing Senior Secured Notes);
- rank senior in right of payment to any existing and future Subordinated Obligations of the Issuer;
- are effectively subordinated to any Secured Indebtedness of the Issuer and its Subsidiaries, including any obligations owed by the Issuer in respect of its guarantee of the Senior Credit Facility and the Existing Senior Secured Notes, to the extent of the value of the assets securing such Secured Indebtedness;
- are guaranteed on a senior subordinated basis by the Subsidiary Guarantors and on a senior basis by the Parent Guarantors as described under “—*Note Guarantees*”; and
- are effectively subordinated to all liabilities of each Subsidiary of the Issuer that does not guarantee the Notes.

The Issuer and the Subsidiary Guarantors have no revenue-generating operations of their own. To make payment on the Notes or the Note Guarantees, as applicable, each will depend on cash flows received from its subsidiaries and payments under intercompany loans, including convertible unsecured loan stock. See “*Risk Factors—Risks related to Our Indebtedness, Taxes and Other Financial Matters—The Senior Secured Notes Issuer is a finance company, the Senior Notes Issuer is a holding company and some of the Guarantors are holding companies or finance companies, and are dependent upon cash flow from group subsidiaries to meet their obligations.*” Moreover, the Issuer and the Restricted Subsidiaries will be able to Incur substantial amounts of Indebtedness in the future, including Indebtedness that will be effectively senior to the Notes and the Guarantees thereof. See “—*Ranking of the Notes and Note Guarantees*” and “—*Certain Covenants—Limitation on Indebtedness*” below.

The Issuer expects to conduct all of its operations through its Subsidiaries. Creditors, including trade creditors, and preferred stockholders, if any, of such Subsidiaries generally will have priority with respect to the assets and earnings of such Subsidiaries, including the Subsidiary Guarantors (except to the extent of any Indebtedness of the Subsidiary Guarantors ranking *pari passu* with or junior to the Subsidiary Guarantees), over the claims of creditors of the Issuer, including the holders of Notes. The Notes, therefore, will be effectively subordinated to the claims of creditors, including creditors under the Senior Credit Facility and the Existing Senior Secured Notes, trade creditors, and preferred stockholders, if any, of Subsidiaries of the Issuer, other than creditors under Senior Subordinated Indebtedness or Subordinated Obligations of the Subsidiary Guarantors.

#### ***Other Indebtedness***

As of September 30, 2014, on an as-adjusted basis after giving effect to the issuance of the Notes and the Senior Secured Notes and the application of the proceeds thereof, there would have been outstanding:

- no Indebtedness of the Parent Guarantors, other than the Parent Guarantees, the guarantees in favor of the Existing Senior Notes and intercompany Indebtedness owed to other Parent Guarantors or Restricted Subsidiaries;
- no Indebtedness of the Issuer, other than the Notes, the Existing Senior Notes, the guarantee by the Issuer of all obligations under the Senior Credit Facility, the Existing Senior Secured Notes, the Senior Secured Notes and intercompany Indebtedness owed to Parent Guarantors;
- £7,046.3 million of Indebtedness of the Subsidiary Guarantors, based on sterling equivalent amounts on September 30, 2014 under the Senior Credit Facility, the Existing Senior Secured Notes and the Senior Secured Notes (excluding subordinated guarantees of the Existing Senior Notes and the Notes); and
- Indebtedness of VMIL and Restricted Subsidiaries other than the guarantee of the Existing Senior Notes and the Notes and Indebtedness under the Senior Credit Facility, the Existing Senior Secured Notes and the Senior Secured Notes, of £184.3 million and £128.8 million representing amounts owed under capital leases and vendor financing arrangements, respectively.

Although the Indenture will limit the Incurrence of Indebtedness by the Issuer and the Restricted Subsidiaries, such limitation is subject to a number of significant qualifications. The Issuer and the Restricted Subsidiaries will be able to Incur substantial amounts of additional Indebtedness. Such Indebtedness may be Senior Indebtedness or may otherwise be effectively senior to the Notes and the Subsidiary Guarantees. In particular, Restricted Subsidiaries that are Subsidiaries of the Issuer may Incur additional capital markets Indebtedness which, under the terms of the Indenture, can be secured and guaranteed and can benefit from

restrictions limiting the ability of those Subsidiaries to pay dividends to the Issuer. See “—*Certain Covenants—Limitation on Indebtedness*” below. The Indenture does not limit the Incurrence of Indebtedness by any Parent or any Unrestricted Subsidiary.

The ability of the Issuer to service its Indebtedness, including the Notes, is dependent upon the earnings of its Subsidiaries and the ability of those Subsidiaries to distribute those earnings as dividends, loans or other payments to the Issuer. In particular, the ability of its Subsidiaries to transfer funds to the Issuer (in the form of cash dividends, loans, advances or otherwise) may be limited by financial assistance rules, corporate benefit laws, other corporate laws, banking or other regulations. If these restrictions are applied to the Subsidiaries of the Issuer that are not Subsidiary Guarantors, then the Issuer would not be able to use the earnings of those Subsidiaries to make payments on the Notes to the extent that such earnings cannot otherwise be paid lawfully to the Issuer (directly or through Subsidiaries of the Issuer). In addition, contractual obligations of the Subsidiaries of the Issuer, including financing arrangements such as the Senior Credit Facility, the Existing Senior Secured Notes and the Intercreditor Deed, limit and may in the future limit the ability of Subsidiaries to transfer funds to the Issuer. As noted above, agreements relating to future Indebtedness of the Subsidiaries of the Issuer, including capital markets Indebtedness, may include such limitations.

### **Note Guarantees**

#### *Parent Guarantees*

##### *General*

Virgin Media, Virgin Media Group LLC, Virgin Media (UK) Group LLC (formerly Virgin Media (UK) Group, Inc.), Virgin Media Communications as Parent Guarantors (the “**Parent Guarantors**”), will, jointly and severally, irrevocably guarantee (the “**Parent Guarantees**”), as primary obligor and not merely as sureties, on a senior basis the full and punctual payment when due, whether at Stated Maturity, by acceleration or otherwise, all payment obligations of the Issuer under the Indenture and the Notes, whether for payment of principal of or interest on or in respect of the Notes, fees, expenses, indemnification or otherwise.

Each Parent Guarantee will:

- be a senior unsecured obligation of such Parent Guarantor;
- rank equally in right of payment with all existing and future senior indebtedness of such Parent Guarantor;
- be senior in right of payment to all existing and future Subordinated Obligations of such Parent Guarantor;
- be effectively subordinated to any Secured Indebtedness of such Parent and its Subsidiaries to the extent of the value of the assets securing such Secured Indebtedness; and
- be effectively subordinated to all liabilities (including all obligations under the Senior Credit Facility, the Existing Senior Secured Notes, the Senior Secured Notes and any Indebtedness permitted to be Incurred under the Indenture by the Issuer or any Restricted Subsidiary) and Disqualified Stock and Preferred Stock of each Subsidiary of such Parent Guarantor, including the Issuer and the Subsidiary Guarantors.

None of the Parent Guarantors will be directly subject to the covenants under the Indenture. The obligations of a Parent Guarantor under its Parent Guarantee will be limited as necessary to prevent the relevant Parent Guarantee from constituting a fraudulent conveyance under applicable law, or otherwise to reflect limitations under applicable law.

##### *Additional Parent Guarantees*

From time to time, a Parent may be designated as an additional Parent Guarantor of the Notes (an “**Additional Parent Guarantor**”) by causing it to execute and deliver to the Trustee a supplemental indenture in the form attached to the Indenture, pursuant to which such Parent will become a Parent Guarantor.

Each Additional Parent Guarantor will, jointly and severally, with the Parent Guarantor and each other Additional Parent Guarantor, irrevocably guarantee (each guarantee, an “**Additional Parent Guarantee**”), as primary obligor and not merely as surety, on a senior basis the full and punctual payment when due, whether at Stated Maturity, by acceleration or otherwise, of all payment obligations of the Issuer under the Indenture and the Notes, whether for payment of principal of or interest on or in respect of the Notes, fees, expenses, indemnification or otherwise. The obligations of any Additional Parent Guarantor will be contractually limited

under its Additional Parent Guarantee to prevent the relevant Additional Parent Guarantee from constituting a fraudulent conveyance under applicable law, or otherwise to reflect limitations under applicable law. Any Additional Parent Guarantee shall be issued on substantially the same terms as the Parent Guarantees. For purposes of the Indenture and this “*Description of the Senior Notes*”, references to the Parent Guarantees include references to any Additional Parent Guarantees and references to the Guarantors include references to any Additional Parent Guarantors.

#### *Release of the Parent Guarantees*

A Parent Guarantee will be released (1) in the case of any Parent Guarantee of a Released Entity, pursuant to the Post-Closing Reorganization; *provided* that (a) such Released Entity is also released or discharged from such Released Entity’s guarantee of Indebtedness of the Issuer and the Subsidiary Guarantors under the Existing Senior Notes or any Pari Passu Indebtedness and (b) the New Immediate Holdco provides a guarantee of the Notes on substantially the same terms as the Parent Guarantee provided by Virgin Media prior to the Post-Closing Reorganization and (2) in the case of a Parent Guarantor that is prohibited or restricted by applicable Law from guaranteeing the Notes.

#### *Subsidiary Guarantees*

##### *General*

VMIH and VMIL, as Subsidiary Guarantors (the “**Subsidiary Guarantors**” together with the Parent Guarantors, the “**Guarantors**”), will, jointly and severally, irrevocably guarantee (the “**Subsidiary Guarantees**” and, together with the Parent Guarantees, the “**Note Guarantees**”), as primary obligors and not merely as sureties, on a senior subordinated basis the full and punctual payment when due, whether at Stated Maturity, by acceleration or otherwise, all payment obligations of the Issuer under the Indenture and the Notes, whether for payment of principal of or interest on or in respect of the Notes, fees, expenses, indemnification or otherwise.

The Subsidiary Guarantees will:

- be an unsecured senior subordinated obligation of the respective Subsidiary Guarantor;
- will rank equally in right of payment with all existing and future Senior Subordinated Indebtedness of the respective Subsidiary Guarantor;
- be subordinated in right of payment to all existing and future Senior Indebtedness of the respective Subsidiary Guarantor, including all obligations under the Senior Credit Facility and the Existing Senior Secured Notes;
- be senior in right of payment to all existing and future Subordinated Obligations of the respective Subsidiary Guarantor; and
- be effectively subordinated to any Secured Indebtedness of the respective Subsidiary Guarantor and its Subsidiaries to the extent of the value of the assets securing such Indebtedness are subordinated.

The obligations of a Subsidiary Guarantor under its Subsidiary Guarantee will be limited as necessary to prevent the relevant Subsidiary Guarantee from constituting a fraudulent conveyance under applicable law, or otherwise to reflect limitations under applicable law.

##### *Additional Subsidiary Guarantees*

The Issuer may from time to time designate a Restricted Subsidiary as an additional guarantor of the Notes (an “**Additional Guarantor**”) by causing it to execute and deliver to the Trustee a supplemental indenture in the form attached to the Indenture, pursuant to which such Restricted Subsidiary will become a Guarantor. See “*Certain Covenants—Limitation on Issuances of Guarantees of Indebtedness by Restricted Subsidiaries.*”

Each Subsidiary Guarantor will, jointly and severally, with the Guarantors and each other Additional Guarantor, irrevocably guarantee (each guarantee, an “**Additional Subsidiary Guarantee**”), as primary obligor and not merely as surety, on a senior subordinated basis the full and punctual payment when due, whether at Stated Maturity, by acceleration or otherwise, of all payment obligations of the Issuer under the Indenture and the Notes, whether for payment of principal of or interest on or in respect of the Notes, fees, expenses, indemnification or otherwise. The obligations of any Additional Guarantor will be contractually limited under its Additional Subsidiary Guarantee to prevent the relevant Additional Subsidiary Guarantee from constituting a fraudulent conveyance under applicable law, or otherwise to reflect limitations under applicable law. Any

Additional Subsidiary Guarantee shall be issued on substantially the same terms as the Subsidiary Guarantees. For purposes of the Indenture and this “*Description of the Senior Notes*,” references to the Subsidiary Guarantees include references to any Additional Subsidiary Guarantees and references to the Guarantors include references to any Additional Guarantors.

*Release of the Subsidiary Guarantees*

Subject to the following paragraph, each of the Subsidiary Guarantees, is a continuing guarantee and shall (1) remain in full force and effect until payment in full of all the Guaranteed Obligations, (2) be binding upon each Subsidiary Guarantor and its successors and (3) inure to the benefit of, and be enforceable by, the Trustee, the holders and their successors, transferees and assigns.

Either of the Subsidiary Guarantors will automatically and unconditionally be released from all obligations under its Subsidiary Guarantee, and such Subsidiary Guarantee shall thereupon terminate and be discharged and be of no further force or effect:

- (1) concurrently with any sale by way of enforcement by the relevant Security Trustee (as defined in the Intercreditor Deed) of a security interest therein of (a) all of the Capital Stock of such Subsidiary Guarantor or any parent company of such Subsidiary Guarantor or (b) all or substantially all of the assets of such Subsidiary Guarantor, in each case so long as:
  - (i) the proceeds of such sale are in cash (or substantially in all cash) and are applied in the manner described under “—*Turnover and Application of Proceeds*”;
  - (ii) such Subsidiary Guarantor is released from its obligations in respect of any other Indebtedness of Virgin Media Holdings Inc. and any Restricted Subsidiary; provided, however, that nothing in the Intercreditor Deed shall require the release by such Subsidiary Guarantor or any of its Subsidiaries of any of their obligations in respect of the Senior Liabilities or the High Yield Trustee Direct Claims; and
  - (iii) the sale is made pursuant to either a public auction or a competitive bid process to obtain the best price reasonably obtainable given the then-current condition (financial or otherwise), earnings, business, assets and prospects of such Subsidiary Guarantor and its Subsidiaries, the Security Trustee having consulted with an internationally recognized investment bank (including without limitation and to the extent appropriate a Senior Lender or a relationship bank of the Issuer or its Subsidiaries) or an internationally recognized accounting firm regarding the appropriate procedures for obtaining the best price for the shares or assets, considered the recommendations of that investment bank or accounting firm and used its reasonable efforts to cause the procedures recommended by that investment bank or accounting firm to be implemented in all material respects in relation to the sale and to permit holders to participate in the sale process as bidders; *provided*, however, that the Security Trustee shall not be under any further obligation to cause such recommendations to be implemented to the extent not implemented in connection with such sale by the relevant court, authority or other third party required to act in connection with such sale; provided further, that such reasonable efforts will, to the extent permitted by applicable law, include attempting to conduct such sale process other than through a court or legal proceeding;
- (2) concurrently with any sale by an administrator under the U.K. Insolvency Act 1986 of (a) all of the Capital Stock of such Subsidiary Guarantor or any parent company of such Subsidiary Guarantor or (b) all or substantially all of the assets of such Subsidiary Guarantor, in each case so long as:
  - (i) the administrator is an insolvency practitioner whose appointment the Trustee has not objected to (acting reasonably) under the provisions of the U.K. Insolvency Act 1986 relating to the selection of a person or persons to be an/the administrator;
  - (ii) the proceeds of such sale are in cash (or substantially in all cash) and are applied in the manner described under “—*Turnover and Application of Proceeds*”;
  - (iii) such Subsidiary Guarantor is released from its obligations in respect of any other Indebtedness of Virgin Media Holdings Inc., the Issuer or any Restricted Subsidiary; *provided, however*, that nothing in the Intercreditor Deed shall require the release by such Subsidiary Guarantor or any of its Subsidiaries of any of their obligations in respect of the Senior Liabilities or the High Yield Trustee Direct Claims; and
  - (iv) the sale is made pursuant to a public auction or a competitive bid process to obtain the best price reasonably obtainable given the then-current condition (financial or otherwise),

earnings, business, assets and prospects of such Subsidiary Guarantor and its Subsidiaries, the administrator having consulted with an internationally recognized investment bank (including without limitation and to the extent appropriate a Senior Lender or a relationship bank of the Issuer or its Subsidiaries) or an internationally recognized accounting firm regarding the appropriate procedures for obtaining the best price for the shares or assets, considered the recommendations of that investment bank or accounting firm and used its reasonable efforts to cause the procedures recommended by that investment bank or accounting firm to be implemented in all material respects in relation to the sale and to permit holders to participate in the sale process as bidders;

- (3) with respect to an Additional Subsidiary Guarantee given under the covenant captioned “—*Certain Covenants—Limitation on Issuances of Guarantees of Indebtedness by Restricted Subsidiaries*,” upon release of the guarantee that gave rise to the requirement to issue such Additional Subsidiary Guarantee so long as no Event of Default would arise as a result and no other Indebtedness that would give rise to an obligation to give an Additional Subsidiary Guarantee is at that time guaranteed by the relevant Subsidiary Guarantor;
- (4) in the case of a Guarantor that is prohibited or restricted by applicable Law from guaranteeing the Notes;
- (5) as a result of a transaction permitted by, and in compliance with, the covenant entitled “—*Certain Covenants—Merger and Consolidation*”;
- (6) as described under “—*Amendments and Waivers*”;
- (7) upon the legal defeasance, covenant defeasance or satisfaction and discharge of the Notes and the Indenture as provided in “—*Defeasance*” or “—*Satisfaction and Discharge*,” in each case in accordance with the terms and conditions of the Indenture;
- (8) upon the full and final payment and performance of all obligations of the Issuer and the Guarantors under the Indenture and the Notes; or
- (9) upon designation of such Subsidiary Guarantor as an Unrestricted Subsidiary in accordance with the terms of the Indenture, including the covenant described under “—*Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries*.”

Upon the presentation of an Officer’s Certificate with respect to the occurrence of an event specified in the preceding paragraph, the Trustee will execute any documents reasonably required in order to evidence such release, discharge and termination in respect of such Subsidiary Guarantee.

Neither the Issuer nor the Subsidiary Guarantors will be required to make a notation on the Notes to reflect the Subsidiary Guarantees or any such release, termination or discharge. In the event that a Subsidiary Guarantor is released from its obligations under its Subsidiary Guarantee at a time when the Notes are listed on the Luxembourg Stock Exchange, the Issuer will, to the extent required by the rules of the Luxembourg Stock Exchange, publish notice of the release of the related Subsidiary Guarantee in a daily leading newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and send a copy of such notice to the Luxembourg Stock Exchange.

#### *Subordination of the Subsidiary Guarantees*

##### *General*

The Subsidiary Guarantees of the Subsidiary Guarantors are senior subordinated guarantees, which means that the Subsidiary Guarantees rank behind, and are expressly subordinated to, all the existing and future Senior Indebtedness of the Subsidiary Guarantors, including any obligations owed by the Subsidiary Guarantors in respect of the Senior Credit Facility, the Existing Senior Secured Notes and the Senior Secured Notes. The ability to take enforcement action against the Subsidiary Guarantors under the Subsidiary Guarantees is subject to significant restrictions imposed by the Intercreditor Deed. See “*Risk Factors—Risks relating to the Senior Notes—You may not be able to enforce the senior subordinated guarantees by Senior Notes Subsidiary Guarantors due to the subordination and restrictions on enforcement of those guarantees*”

##### *Limitations on Paying the Subsidiary Guarantees*

The obligations under the Subsidiary Guarantees will not become due and the Subsidiary Guarantors will not be permitted to make any payment in respect of principal of, premium, if any, or interest on the Notes and

may not purchase, redeem or otherwise retire any Notes if a Senior Payment Default (as defined in the Intercreditor Deed) occurs unless such Senior Payment Default has been cured or waived and any such acceleration has been rescinded or the Indebtedness under which such Senior Payment Default occurred has been discharged or paid in full in cash. Regardless of the foregoing, the Subsidiary Guarantees will become due and obligations thereunder will be payable if the Subsidiary Guarantors and the Trustee receive prior written consent of the Instructing Group (as defined in the Senior Credit Facility) or the Representative of Designated Senior Indebtedness, as applicable, approving such payment.

#### *Payment Blockage*

During the continuance of any Senior Default (as defined in the Intercreditor Deed) (other than a Senior Payment Default), the obligations under the Subsidiary Guarantees will not become due for a period (a “**Payment Blockage Period**”) commencing upon the receipt by the Trustee of written notice (a “**Blockage Notice**”) of such Senior Default from the Instructing Group (as defined in the Senior Credit Facility) or the Representative of Designated Indebtedness (if applicable) under which such Senior Default occurred to effect a Payment Blockage Period and ending 179 days thereafter as described under “*Description of the Intercreditor Deeds—High Yield Intercreditor Deed—Payment Blockage*”;

- (1) by written notice of the termination of such Blockage Notice to the Trustee and the Issuer from the Person or Persons who gave such Blockage Notice;
- (2) because the default giving rise to such Blockage Notice is cured, waived or otherwise no longer continuing;
- (3) because the Indebtedness under which such Senior Default occurred has been discharged or repaid in full in cash; or
- (4) because of the expiry of any standstill period (as described below) in existence on the date of service of the Blockage Notice.

#### *Standstill on Enforcement*

Notwithstanding that a failure by the Issuer to make any payment on the Notes when due would constitute an Event of Default under the Indenture and would enable the Trustee and the holders of the Notes to accelerate the maturity of the Notes, the Subsidiary Guarantees will provide that, prior to the repayment of all obligations in respect of Indebtedness in respect of the Senior Credit Facility and Designated Senior Indebtedness of the Subsidiary Guarantors, the obligations under the Subsidiary Guarantees are not due (and no demand may be made on the Subsidiary Guarantors) until the events described under “*Description of the Intercreditor Deeds—High Yield Intercreditor Deed—Standstill on Enforcement*” have occurred. Therefore, the Trustee may not make a demand under or bring any enforcement action on the Subsidiary Guarantees, including but not limited to the commencement or support of insolvency proceedings with respect to, the Subsidiary Guarantors, until such time.

#### *Subordination on Insolvency*

In the event of a liquidation, dissolution, bankruptcy, insolvency or similar proceeding involving the Issuer or any of its Subsidiaries, in general:

- creditors under the Senior Credit Facility and Designated Senior Indebtedness of the Subsidiary Guarantors will be entitled to payment in full of all amounts outstanding under each such Indebtedness, pursuant to the terms of the Intercreditor Deed, before the holders would be entitled to payments under the Subsidiary Guarantees of the Subsidiary Guarantors and, as a result, before the holders of the Notes would ultimately receive any payments on the Notes pursuant to the Subsidiary Guarantees; and
- the holders will be required, pursuant to the terms of the Intercreditor Deed, to turn over any amounts they receive in respect of the Subsidiary Guarantees of the Subsidiary Guarantors to the Security Trustee until all amounts outstanding under the Senior Credit Facility and Designated Senior Indebtedness of the Subsidiary Guarantors is paid in full.

The Security Trustee will be directed to apply such amounts in the manner described under “*Description of the Intercreditor Deeds—High Yield Intercreditor Deed—Turnover and Application of Proceeds*.”

### *Turnover and Application of Proceeds*

In the event that, in contravention of the subordination terms described under “*Description of the Intercreditor Deeds—High Yield Intercreditor Deed—Priorities*”, a payment is made or recovered by the Trustee or a holder, then the recipient of such payment shall turn over such amount as described under “*Description of the Intercreditor Deeds—High Yield Intercreditor Deed—Priority of Payments*.”

Because of the foregoing subordination provisions, the lenders under the Senior Credit Facility and Designated Senior Indebtedness of the Subsidiary Guarantors may recover disproportionately more than the holders of the Notes recover in a bankruptcy or similar proceeding relating to the Subsidiary Guarantors. This could apply even if the Subsidiary Guarantees ranked *pari passu* in right of payment with the other creditors’ claims. In such a case, there may be insufficient assets, or no assets, remaining to pay the principal of, premium, if any, or interest on the Notes.

Payment from the money or the proceeds of U.S. Government Obligations or European Government Obligations held in any defeasance trust pursuant to the provisions described under “*—Defeasance*” will not be subject to the subordination provisions described above.

See “*Risk Factors—Risks relating to the Senior Notes—You may not be able to enforce the senior subordinated guarantees by Senior Notes Subsidiary Guarantors due to the subordination and restrictions on enforcement of those guarantees*” and “*Description of the Intercreditor Deeds*.”

## **Optional Redemption**

### ***Special Optional Redemption***

At any time on or prior to the earlier of (i) the date that is 15 days following the consummation of the UPC Ireland Acquisition (or if such date is not a Business Day, the following Business Day) or (ii) the date that is six months from the Issue Date (or if such date is not a Business Day, the following Business Day) (the “**Special Optional Redemption Election Date**”), the Issuer may, at its option, elect to redeem all or a portion of the Euro Notes and/or Dollar Notes (the “**Special Optional Redemption**”) at a redemption price (the “**Special Optional Redemption Price**”) equal to 100% of the principal amount of the Notes redeemed, plus accrued but unpaid interest and Additional Amounts, if any, to the Special Optional Redemption (as defined below) (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date). Notice of the Special Optional Redemption will be mailed or delivered to the Trustee (with an instruction to the Trustee to deliver the same to each holder of the Notes) by the Issuer on or prior to the Special Optional Redemption Election Date, and will provide that the Notes shall be redeemed on a date that is no later than the tenth Business Day after such notice is mailed or delivered, which for the avoidance of doubt, may be following the Special Optional Redemption Election Date (the “**Special Optional Redemption Date**”). On the Special Optional Redemption Date, the Issuer shall pay to the Principal Paying Agent for payment to each holder the Special Optional Redemption Price for such holder’s Notes. Any such Special Optional Redemption and notice may, in the Issuer’s discretion, be subject to satisfaction of one or more conditions precedent. For the avoidance of doubt, in each case above, the Issuer may choose to redeem each series of Notes, either together or separately.

If the Special Optional Redemption Date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest, if any, will be paid to the Person in whose name the Note is registered at the close of business on such record date and no additional interest will be payable to holders whose Notes will be subject to redemption by the Issuer.

### ***Optional Redemption on or after January 15, 2020***

Except as described above under “*—Special Optional Redemption*” and below under “*—Optional Redemption prior to January 15, 2020*” and “*—Redemption for Taxation Reasons*,” the Notes are not redeemable until January 15, 2020. On or after January 15, 2020, the Issuer may redeem all, or from time to time a part, of the Euro Notes and/or the Dollar Notes upon not less than 10 nor more than 60 days’ notice, at the following redemption prices (expressed as a percentage of principal amount) plus accrued and unpaid interest and Additional Amounts, if any, to the applicable redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the twelve-month period commencing on January 15 of the years set out below:

Year	Redemption Price	
	Euro Notes	Dollar Notes
2020.....	102.250%	102.875%
2021.....	101.500%	101.917%
2022.....	100.750%	100.958%
2023 and thereafter.....	100.000%	100.000%

In each case above, any such redemption and notice may, in the Issuer's discretion, be subject to satisfaction of one or more conditions precedent. For the avoidance of doubt, in each case above, the Issuer may choose to redeem each series of Notes, either together or separately.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest, if any, will be paid to the Person in whose name the Note is registered at the close of business on such record date and no additional interest will be payable to holders whose Notes will be subject to redemption by the Issuer.

#### ***Optional Redemption prior to January 15, 2020***

At any time prior to January 15, 2020 the Issuer may redeem all, or from time to time a part, of the Euro Notes and/or the Dollar Notes upon not less than 10 nor more than 60 days' notice, at a price equal to 100% of the principal amount thereof plus the Applicable Premium as of, and accrued but unpaid interest and Additional Amounts, if any, to, the applicable redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

In each case above, any such redemption and notice may, in the Issuer's discretion, be subject to satisfaction of one or more conditions precedent. For the avoidance of doubt, in each case above, the Issuer may choose to redeem each series of Notes, either together or separately.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest, if any, will be paid to the Person in whose name the Note is registered at the close of business on such record date and no additional interest will be payable to holders whose Notes will be subject to redemption by the Issuer.

#### ***Optional Redemption upon Equity Offerings***

At any time, or from time to time, prior to January 15, 2018, the Issuer may, at its option, use the Net Cash Proceeds of one or more Equity Offerings to redeem, upon not less than 10 nor more than 60 days' notice, up to 40% of the principal amount of the Notes issued under the Indenture (including the principal amount of any Additional Notes) at a redemption price of 104.500% of the principal amount of the Euro Notes and 105.750% of the principal amount of the Dollar Notes redeemed, plus accrued and unpaid interest and Additional Amounts, if any, to the date of redemption (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided that*:

- (1) at least 50% of the principal amount of each of the Euro Notes and the Dollar Notes (which includes Additional Notes, if any) issued under the Indenture remains outstanding immediately after any such redemption; and
- (2) the Issuer makes such redemption not more than 180 days after the consummation of any such Equity Offering.

In each case above, any such redemption and notice may, in the Issuer's discretion, be subject to satisfaction of one or more conditions precedent. For the avoidance of doubt, in each case above, the Issuer may choose to redeem each series of Notes, either together or separately.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest, if any, will be paid to the Person in whose name the Note is registered at the close of business on such record date and no additional interest will be payable to holders whose Notes will be subject to redemption by the Issuer.

#### ***Selection and Notice***

In the case of any partial redemption, selection of the Notes for redemption will be made by the Trustee on a pro rata basis (or, in the case of Notes issued in global form, based on the procedures of the applicable



depository) unless otherwise required by law or applicable stock exchange or depository requirements, although no Euro Notes of €100,000 or less or Dollar Notes of \$200,000 or less can be redeemed in part. The Trustee will not be liable for selections made by it in accordance with this paragraph. If any Note is to be redeemed in part only, the notice of redemption relating to such Note will state the portion of the principal amount thereof to be redeemed. A new Note in principal amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original Note.

For Notes which are represented by Global Notes held on behalf of DTC, Euroclear or Clearstream, notices may be given by delivery of the relevant notices to DTC, Euroclear or Clearstream for communication to entitled account holders in substitution for the aforesaid mailing.

### ***Redemption for Taxation Reasons***

The Issuer may redeem the Notes in whole, but not in part, at any time upon giving not less than 10 nor more than 60 days' notice to the holders of the Notes (which notice will be irrevocable) at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed for redemption (a "**Tax Redemption Date**") (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), and Additional Amounts (as defined under "*—Withholding Taxes*"), if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise, if the Issuer determines that, as a result of:

- (1) any change in, or amendment to, the law or treaties (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined under "*—Withholding Taxes*") affecting taxation; or
- (2) any change in position regarding the application, administration or interpretation of such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction) (each of the foregoing in clauses (1) and (2), a "**Change in Tax Law**"),

the Issuer is, or on the next interest payment date in respect of the Notes would be, required to pay more than *de minimis* Additional Amounts, and such obligation cannot be avoided by taking reasonable measures available to it (including, without limitation, by appointing a new or additional paying agent in another jurisdiction). The Change in Tax Law must become effective on or after the date of this listing particulars. In the case of a successor to the Issuer, the Change in Tax Law must become effective after the date that such entity first makes payment on the Notes. Notice of redemption for taxation reasons will be published in accordance with the procedures described in the Indenture as described under "*—Notices.*" Notwithstanding the foregoing, no such notice of redemption will be given (a) earlier than 90 days prior to the earliest date on which the Payor would be obliged to make such payment of Additional Amounts and (b) unless at the time such notice is given, such obligation to pay such Additional Amounts remains in effect. Prior to the publication, delivery or mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuer will deliver to the Trustee (a) an Officer's Certificate stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to its right to so redeem have been satisfied and that it cannot avoid the obligations to pay Additional Amounts by taking reasonable measures available to it; and (b) an opinion of an independent tax counsel reasonably satisfactory to the Trustee to the effect that the circumstances referred to above exist. The Trustee will accept such Officer's Certificate and opinion as sufficient evidence of the existence of satisfaction of the conditions precedent as described above, in which event it will be conclusive and binding on the holders of the Notes.

The foregoing provisions will apply *mutatis mutandis* to any successor to the Issuer after such successor person becomes a party to the Indenture.

### ***Redemption at Maturity***

On January 15, 2025, the Issuer will redeem the Notes that have not been previously redeemed or purchased and cancelled at 100% of their applicable principal amount plus accrued and unpaid interest thereon, if any, to the applicable redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

### ***Withholding Taxes***

All payments made by the Issuer, any Guarantor or any successor thereto (a "**Payor**") on the Notes (including any Note Guarantee for the purposes of this covenant) will be made without withholding or deduction for, or on account of, any present or future taxes (including interest penalties to the extent resulting from a

failure by the Issuer to timely pay amounts due), duties, assessments or governmental charges of whatever nature (“**Taxes**”) unless the withholding or deduction of such Taxes is then required by law or by the official interpretation or administration thereof. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of:

- (1) the government of the United Kingdom or any political subdivision or governmental authority thereof or therein having power to tax;
- (2) any jurisdiction from or through which payment on the Notes is made, or any political subdivision or governmental authority thereof or therein having the power to tax; or
- (3) any other jurisdiction in which a Payor is organized or otherwise considered to be a resident for tax purposes, or any political subdivision or governmental authority thereof or therein having the power to tax (each of clause (1), (2) and (3), a “**Relevant Taxing Jurisdiction**”),

will at any time be required from any payments made with respect to the Notes, including payments of principal, redemption price, interest or premium, the Payor will pay (together with such payments) such additional amounts (the “**Additional Amounts**”) as may be necessary in order that the net amounts received in respect of such payments by each holder, as the case may be, after such withholding or deduction (including any such deduction or withholding from such Additional Amounts) equal the amounts which would have been received in respect of such payments in the absence of such withholding or deduction; *provided, however*, that no such Additional Amounts will be payable with respect to:

- (a) any Taxes that would not have been so imposed but for the existence of any present or former connection between the relevant holder or beneficial owner and the Relevant Taxing Jurisdiction imposing such Taxes (other than the mere ownership or holding of such Note or enforcement of rights thereunder or under the Indenture or the receipt of payments in respect thereof);
- (b) any Taxes that would not have been so imposed if the holder had made a declaration of non-residence or any other claim or filing for exemption to which it is entitled (*provided* that (i) such declaration of non-residence or other claim or filing for exemption is required by the applicable law of the Relevant Taxing Jurisdiction as a precondition to exemption from the requirement to deduct or withhold all or a part of any such Taxes and (ii) at least 30 days prior to the first payment date with respect to which such declaration of non-residence or other claim or filing for exemption is required under the applicable law of the Relevant Taxing Jurisdiction, the relevant holder at that time has been notified (in accordance with the procedures set forth in the Indenture) by the Payor or any other person through whom payment may be made that a declaration of non-residence or other claim or filing for exemption is required to be made, but only to the extent the holder is legally entitled to provide such declaration, claim or filing);
- (c) any Note presented for payment (where presentation is required) more than 30 days after the relevant payment is first made available for payment to the holder (except to the extent that the holder would have been entitled to Additional Amounts had the Note been presented during such 30-day period);
- (d) any Taxes that are payable otherwise than by withholding from a payment of the principal of, premium, if any, or interest on the Notes;
- (e) any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other governmental charge;
- (f) Taxes withheld or deducted on a payment required to be withheld or deducted pursuant to the European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN meeting of November 26-27, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such directive;
- (g) any Taxes which could have been avoided by the presentation (where presentation is required) of the relevant Note to another Paying Agent in a member state of the European Union;
- (h) all United States backup withholding taxes;
- (i) any withholding or deduction imposed pursuant to (i) Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (as amended), as of the Issue Date (or any amended or successor version that is substantively comparable and not materially more onerous to

comply with) and any current or future regulations or official interpretations thereof, (ii) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the United States and any other jurisdiction, which (in either case) facilitates the implementation of (i) above or (iii) any agreement pursuant to the implementation of (i) or (ii) above with the U.S. Internal Revenue Service, the U.S. government or any governmental or taxation authority in any other jurisdiction; or

- (j) any combination of items (a) through (i) above.

Such Additional Amounts will also not be payable where, had the beneficial owner of the Note been the holder, it would not have been entitled to payment of Additional Amounts by reason of any of clauses (a) to (j) inclusive above.

The Payor will (1) make any required withholding or deduction and (2) remit the full amount deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law. The Payor will use all reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes and will provide such certified copies (or, if certified copies are not available despite reasonable efforts of the Payor, other evidence of payment reasonably satisfactory to the Trustee) to each holder. The Payor will attach to each certified copy (or other evidence) a certificate stating (a) that the amount of withholding Taxes evidenced by the certified copy was paid in connection with payments in respect of the principal amount of Notes then outstanding and (b) the amount of such withholding Taxes paid per €1,000 or \$1,000 principal amount of the Notes, as the case may be. Copies of such documentation will be available for inspection during ordinary business hours at the office of the Trustee by the holders of the Notes upon request and will be made available at the offices of the Paying Agent if the Notes are then listed on the Luxembourg Stock Exchange.

At least 30 days prior to each date on which any payment under or with respect to the Notes is due and payable (unless such obligation to pay Additional Amounts arises shortly before or after the 30th day prior to such date, in which case it shall be promptly thereafter), if the Payor will be obligated to pay Additional Amounts with respect to such payment, the Payor will deliver to the Trustee an Officer's Certificate stating the fact that such Additional Amounts will be payable, the amounts so payable and will set forth such other information necessary to enable the Trustee to pay such Additional Amounts to holders on the payment date. Each such Officer's Certificate shall be relied upon until receipt of a further Officer's Certificate addressing such matters. The Trustee shall be entitled to rely solely on each such Officer's Certificate as conclusive proof that such payments are necessary.

Wherever mentioned in the Indenture, the Notes or this "*Description of the Senior Notes*", in any context: (1) the payment of principal, (2) purchase prices in connection with a purchase of Notes, (3) interest, or (4) any other amount payable on or with respect to the Notes, such reference shall be deemed to include payment of Additional Amounts as described under this heading to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Payor will pay any present or future stamp, court or documentary taxes or any other excise or property taxes, charges or similar levies (including interest and penalties to the extent resulting from a failure by the Issuer to timely pay amounts due) which arise in any jurisdiction from the execution, delivery or registration of any Notes or any other document or instrument referred to therein (other than a transfer of the Notes), or the receipt of any payments with respect to the Notes, excluding any such taxes, charges or similar levies imposed by any jurisdiction that is not a Relevant Taxing Jurisdiction or any jurisdiction in which a Paying Agent is located, other than those resulting from, or required to be paid in connection with, the enforcement of the Notes or any other such document or instrument following the occurrence of any Event of Default with respect to the Notes.

The foregoing obligations will survive any termination, defeasance or discharge of the Indenture and will apply *mutatis mutandis* to any jurisdiction in which any successor to a Payor is organized or any political subdivision or taxing authority or agency thereof or therein.

### ***Post-Closing Reorganizations***

Following the issuance of the Notes, the Ultimate Parent may effect a reorganization of the Virgin Group (the "**Post-Closing Reorganizations**"). The Post-Closing Reorganizations are expected to include (i) a distribution or other transfer of Virgin Media Communications and its Subsidiaries or a Parent of Virgin Media Communications to the Ultimate Parent or another direct Subsidiary of the Ultimate Parent through one or more

mergers, transfers, consolidations or other similar transactions such that Virgin Media Communications and its Subsidiaries or such Parent will become the direct Subsidiary of the Ultimate Parent or such other direct Subsidiary of the Ultimate Parent, (ii) the issuance by Virgin Media Communications or the Issuer of Capital Stock to the Ultimate Parent or another direct Subsidiary of the Ultimate Parent and, as consideration therefor, the assignment by the Ultimate Parent or a direct Subsidiary of the Ultimate Parent of a loan receivable to Virgin Media Communications or the Issuer, as the case may be, and/or (iii) the insertion of a new entity as a direct Subsidiary of Virgin Media Communications, which new entity will become a Parent of the Issuer.

Any Parent that ceases to be a Parent of Virgin Media Communications following a Post-Closing Reorganization, is referred to as a “**Released Entity**” and together the “**Released Entities**”.

## **Certain Covenants**

### ***Change of Control***

If a Change of Control shall occur at any time, the Issuer shall, pursuant to the procedures described below and in the Indenture, offer (the “**Change of Control Offer**”) to purchase all Notes in whole or in part in denominations of €100,000 and in integral multiples of €1,000 in excess thereof, in the case of the Euro Notes and in denominations of \$200,000 and in integral multiples of \$1,000 in excess thereof, in the case of the Dollar Notes, at a purchase price (the “**Change of Control Purchase Price**”) in cash in an amount equal to 101% of the principal amount of such Notes, plus any Additional Amounts and accrued and unpaid interest, if any, to the date of purchase (the “**Change of Control Purchase Date**”) (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date); *provided, however*, that the Issuer shall not be obliged to repurchase Notes as described under this subsection “—*Change of Control*” in the event and to the extent that it has unconditionally exercised its right to redeem all of the Notes as described under “—*Optional Redemption*” or all conditions to such redemption have been satisfied or waived. No such purchase in part shall reduce the principal amount at maturity of the Notes held by any holder to below €100,000, in the case of the Euro Notes and \$200,000, in the case of the Dollar Notes.

Unless the Issuer has unconditionally exercised its right to redeem all the Notes as described under “—*Optional Redemption*” or all conditions to such redemption have been satisfied or waived, within 30 days of any Change of Control, or, at the Issuer’s option, at any time prior to a Change of Control following the public announcement thereof or if a definitive agreement is in place for the Change of Control, the Issuer shall notify the Trustee thereof and give written notice of such Change of Control to each holder stating to the extent relevant, among other things:

- that a Change of Control has occurred or may occur and the date or expected date of such event;
- the circumstances and relevant facts regarding such Change of Control;
- the purchase price and the purchase date which shall be fixed by the Issuer on a Business Day no earlier than 10 days nor later than 60 days from the date such notice is mailed or delivered, or such later date as is necessary to comply with requirements under the Exchange Act;
- that any Note not tendered will continue to accrue interest and unless the Issuer defaults in payment of the Change of Control Purchase Price, any Notes accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest after the Change of Control Purchase Date; and
- certain other procedures that a holder must follow to accept a Change of Control Offer or to withdraw such acceptance.

If and for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market and the rules of the Luxembourg Stock Exchange so require, the Issuer will publish a public announcement with respect to the results of any Change of Control Offer in a leading newspaper of general circulation in Luxembourg or, to the extent and in the manner permitted by such rules, post such notice on the official website of the Luxembourg Stock Exchange. The ability of the Issuer to repurchase Notes pursuant to a Change of Control Offer may be limited by a number of factors. See “*Risk Factors—Risks relating to the Senior Secured Notes and Senior Notes—We may not be able to obtain the funds required to repurchase the Senior Secured Notes and the Senior Notes upon a change of control.*”

The Trustee or its authenticating agent will promptly authenticate and deliver a new note or notes equal in principal amount to any unpurchased portion of Notes surrendered, if any, to the holder of Notes in global form or to each holder of certificated notes; *provided* that each such new note will be in a principal amount of €100,000 and integral multiples of €1,000 in excess thereof, in the case of the Euro Notes or in denominations of \$200,000 and in integral multiples of \$1,000 in excess thereof, in the case of the Dollar Notes. The Issuer will

publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Purchase Date.

The Issuer will not be required to make a Change of Control Offer following a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer. Notwithstanding anything to the contrary herein, a Change of Control Offer may be made in advance of a Change of Control, conditional upon such Change of Control, if a definitive agreement is in place for the Change of Control at the time of making of the Change of Control Offer.

If holders of not less than 90% in aggregate principal amount of the outstanding Notes validly tender and do not withdraw such Notes in a Change of Control Offer and the Issuer, or any third party making a Change of Control Offer in lieu of the Issuer as described above, purchases all of the Notes validly tendered and not withdrawn by such holders, the Issuer or such third party will have the right, upon not less than 10 nor more than 60 days' prior notice, given not more than 30 days following such purchase pursuant to the Change of Control Offer described above, to redeem all Notes that remain outstanding following such purchase at a price in cash equal to 101% of the principal amount thereof plus accrued and unpaid interest to but excluding the date of the delivery of the notice for such redemption.

The term "all or substantially all" as used in the definition of "Change of Control" has not been interpreted under New York law (which is the governing law of the Indenture) to represent a specific quantitative test. As a consequence, in the event the holders of the Notes elect to exercise their rights under the Indenture and the Issuer elects to contest such election, there could be no assurance as to how a court interpreting New York law would interpret the phrase.

The provisions of the Indenture do not afford holders of the Notes the right to require the Issuer to repurchase the Notes in the event of a highly leveraged transaction, certain transactions with the Issuer's management or their Affiliates or certain other sale transactions, including a reorganization, restructuring, merger or similar transaction (including, in certain circumstances, an acquisition of the Issuer by management or its affiliates) involving the Issuer that may adversely affect holders of the Notes, if such transaction is not a transaction defined as a Change of Control.

The provisions under the Indenture related to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the written consent of the holders of a majority in principal amount of the Notes prior to the occurrence of a Change of Control.

The Issuer will comply with the applicable tender offer rules, including Rule 14e-1 under the Exchange Act, and any other applicable securities laws or regulations in connection with a Change of Control Offer. To the extent that the provisions of any applicable securities laws or regulations conflict with the provisions of this covenant (other than the obligation to make an offer pursuant to this covenant), the Issuer will comply with the securities laws and regulations and will not be deemed to have breached its obligations described in this covenant by virtue thereof.

#### ***Limitation on Indebtedness***

The Issuer will not, and will not permit any of the Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness); *provided, however:*

- (1) any Restricted Subsidiary may Incur Indebtedness (including Acquired Indebtedness) if on the date of such Incurrence and after giving effect thereto on a pro forma basis (a) the Consolidated Net Leverage Ratio for the Restricted Subsidiaries would not exceed 4.00 to 1.00 and (b) the Consolidated Net Leverage Ratio would not exceed 5.00 to 1.00; and
- (2) the Issuer may Incur Pari Passu Indebtedness (including Acquired Indebtedness constituting Pari Passu Indebtedness) if on the date of such Incurrence and after giving effect thereto on a pro forma basis the Consolidated Net Leverage Ratio for the Issuer and the Restricted Subsidiaries would not exceed 5.00 to 1.00.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness:

- (1) Indebtedness of the Issuer and any of the Restricted Subsidiaries under Credit Facilities in the aggregate principal amount at any one time outstanding not to exceed (A) an amount equal to the greater of (i)(a) £3,500.0 million, plus (b) the amount of any Credit Facilities incurred under the first

paragraph of this covenant or any other provision of the second paragraph of this covenant to acquire any property, other assets or shares of Capital Stock of a Person and (ii) 5.0% of Total Assets, plus (B) any accrual or accretion of interest that increases the principal amount of Indebtedness under Credit Facilities, plus (C) in the case of any refinancing of any Indebtedness permitted under this clause (1) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses Incurred in connection with such refinancing;

- (2) Indebtedness of the Issuer owing to and held by any Restricted Subsidiary (other than a Receivables Entity) or Indebtedness of a Restricted Subsidiary owing to and held by the Issuer or any other Restricted Subsidiary (other than a Receivables Entity); *provided, however*, that:
  - (a) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being beneficially held by a Person other than the Issuer or a Restricted Subsidiary (other than a Receivables Entity); and
  - (b) any sale or other transfer of any such Indebtedness to a Person other than the Issuer or a Restricted Subsidiary (other than a Receivables Entity),

shall be deemed, in each case, to constitute an Incurrence of such Indebtedness by the Issuer or such Restricted Subsidiary, as the case may be;

- (3) (a) Indebtedness of the Issuer represented by the Notes (other than any Additional Notes issued after the Issue Date) and (b) Indebtedness of the Guarantors represented by the Note Guarantees;
- (4) any Indebtedness (other than the Indebtedness described in clauses (1), (2) and (3)) outstanding on the Issue Date;
- (5) any Refinancing Indebtedness Incurred in respect of any Indebtedness described in clause (3), clause (4), this clause (5), clause (6), clause (8), clause (15) or clause (19) or Incurred pursuant to the first paragraph of this covenant;
- (6) Indebtedness of the Issuer or a Restricted Subsidiary (a) Incurred and outstanding on the date on which such Restricted Subsidiary was acquired by the Issuer or a Restricted Subsidiary or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Issuer or any Restricted Subsidiary, (b) Incurred to provide all or a portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or a Restricted Subsidiary or (c) Incurred and outstanding on the date on which such Restricted Subsidiary was acquired by the Issuer or a Restricted Subsidiary or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Issuer or any Restricted Subsidiary (other than Indebtedness Incurred in contemplation of the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or a Restricted Subsidiary); *provided, however*, that with respect to (a) and (b) of this clause (6) only, immediately following the consummation of the acquisition of such Restricted Subsidiary by the Issuer or such other transaction, (i) the Issuer and Restricted Subsidiaries would have been able to Incur £1.00 of additional Indebtedness pursuant to the first paragraph of this covenant after giving pro forma effect to the relevant acquisition or other transaction and the Incurrence of such Indebtedness pursuant to this clause (6) or (ii) the Consolidated Net Leverage Ratio would not be greater than immediately prior to such acquisition or such other transaction;
- (7) Indebtedness under Currency Agreements, Commodity Agreements and Interest Rate Agreements entered into for *bona fide* hedging purposes of the Issuer or the Restricted Subsidiaries and not for speculative purposes (as determined in good faith by the Board of Directors or senior management of the Issuer);
- (8) Indebtedness consisting of (a) mortgage financings, Purchase Money Obligations or other financings, Incurred for the purpose of financing all or any part of the purchase price or cost of design, construction, installation or improvement of property (real or personal), plant, equipment or other assets used or useful in the business of the Issuer or such Restricted Subsidiary or (b) Indebtedness otherwise Incurred to finance the purchase, lease, rental or cost of design, development, construction, installation or improvement of property (real or personal), plant, equipment or other assets used or useful in the business of the Issuer or such Restricted Subsidiary, whether through the direct purchase of assets or the Capital Stock of any Person owning such assets, and any Refinancing Indebtedness which refinances, replaces or refunds such Indebtedness, in an

aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (8) will not exceed the greater of (i) £200.0 million and (ii) 3.0% of Total Assets at any time outstanding so long as such Indebtedness exists on the date of, or commissioning of, or contracting for, such purchase, design, development, construction, installation or improvement, or is created within 270 days thereafter;

- (9) Indebtedness in respect of (a) workers' compensation claims, self-insurance obligations, performance, bid, indemnity, surety, judgment, appeal, advance payment, customs, VAT or other tax or other guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Issuer or a Restricted Subsidiary or relating to liabilities, obligations or guarantees Incurred in the ordinary course of business or in respect of any government requirement, (b) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business, including letters of credit or similar instruments in respect of self-insurance and workers compensation obligations, (c) the financing of insurance premiums in the ordinary course of business and (d) any customary cash management, cash pooling or netting or setting off arrangements in the ordinary course of business;
- (10) Indebtedness arising from agreements of the Issuer or a Restricted Subsidiary providing for indemnification, obligations in respect of earn-outs or adjustment of purchase price or similar obligations, in each case, Incurred or assumed in connection with the disposition of any business, assets or Capital Stock of a Restricted Subsidiary, *provided* that the maximum aggregate liability in respect of all such Indebtedness shall at no time exceed the gross proceeds (including the fair market value of non-cash proceeds) actually received by the Issuer and the Restricted Subsidiaries in connection with such disposition;
- (11) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business, *provided, however*, that such Indebtedness is extinguished within thirty Business Days of Incurrence;
- (12) guarantees by the Issuer or any Restricted Subsidiary of Indebtedness or any other obligation or liability of the Issuer or any Restricted Subsidiary (other than of any Indebtedness Incurred by the Issuer or Restricted Subsidiary in violation of this covenant); *provided, however*, that if the Indebtedness being guaranteed is subordinated in right of payment to the Notes or any Note Guarantee, then such guarantee shall be subordinated substantially to the same extent as the relevant Indebtedness guaranteed;
- (13) [Reserved];
- (14) Subordinated Shareholder Loans Incurred by the Issuer;
- (15) [Reserved];
- (16) Indebtedness of the Issuer or any Restricted Subsidiary in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause (16) and then outstanding, will not exceed 100% of the Net Cash Proceeds received by the Issuer from the issuance or sale (other than to the Issuer or a Restricted Subsidiary) of its Subordinated Shareholder Loans or Capital Stock or otherwise contributed to the equity of the Issuer, in each case, subsequent to February 22, 2013 (and in each case, other than through the issuance of Disqualified Stock, Preferred Stock or an Excluded Contribution); *provided, however*, that (i) any such Net Cash Proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under clauses 4(c)(ii) and 4(c)(iii) of the first paragraph and clause (1) of the third paragraph of the covenant described below under "*—Limitation on Restricted Payments*" to the extent the Issuer or any Restricted Subsidiary Incurs Indebtedness in reliance thereon and (ii) any Net Cash Proceeds that are so received or contributed shall be excluded for purposes of Incurring Indebtedness pursuant to this clause (16) to the extent the Issuer or any Restricted Subsidiary makes a Restricted Payment under clauses 4(c)(ii) and 4(c)(iii) of the first paragraph and clauses (1) of the third paragraph of the covenant described below under "*—Limitation on Restricted Payments*" in reliance thereon;
- (17) Indebtedness of the Issuer or any Restricted Subsidiary relating to any VAT liabilities or deferral of PAYE taxes with the agreement of the U.K. HM Revenue and Customs (including guarantees by a Restricted Subsidiary in favor of the U.K. HM Revenue and Customs in connection with the U.K.

tax liability of the Issuer or any Restricted Subsidiary (including, without limitation, any VAT liabilities));

- (18) Indebtedness with Affiliates reasonably required in connection with the UPC Ireland Acquisition; and
- (19) in addition to the items referred to in clauses (1) through (18) above, Indebtedness of the Issuer and any of the Restricted Subsidiaries in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (19) and then outstanding, will not exceed the greater of (i) £300.0 million and (ii) 3.0% of Total Assets at any time outstanding.

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant:

- (1) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, the Issuer, in its sole discretion, will classify such item of Indebtedness on the date of its Incurrence and only be required to include the amount and type of such Indebtedness in one of such clauses and will be permitted on the date of such Incurrence to divide and classify an item of Indebtedness in more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, and, from time to time, may reclassify all or a portion of such Indebtedness, in any manner that complies with this covenant;
- (2) guarantees of, or obligations in respect of letters of credit relating to, Indebtedness which is otherwise included in the determination of a particular amount of Indebtedness shall not be included;
- (3) if obligations in respect of letters of credit are Incurred pursuant to any Credit Facility and are being treated as Incurred pursuant to clause (1) of the second paragraph above and the letters of credit relate to other Indebtedness, then such other Indebtedness shall not be included;
- (4) the principal amount of any Disqualified Stock of the Issuer, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;
- (5) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness; and
- (6) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined in accordance with GAAP.

Accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest or dividends in the form of additional Indebtedness, Preferred Stock or Disqualified Stock and increases in the amount of Indebtedness due to a change in accounting principles will not be deemed to be an Incurrence of Indebtedness for purposes of this covenant. The amount of any Indebtedness outstanding as of any date shall be (i) the accreted value thereof in the case of any Indebtedness issued with original issue discount and (ii) the principal amount or liquidation preference thereof, together with any interest thereon that is more than 30 days past due, in the case of any other Indebtedness.

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary as of such date.

For purposes of determining compliance with any sterling-denominated restriction on the Incurrence of Indebtedness, the Sterling Equivalent principal amount of Indebtedness denominated in a foreign currency shall be (1) calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or first committed or first Incurred (whichever yields the lower Sterling Equivalent), in the case of revolving credit Indebtedness; *provided* that if such Indebtedness is Incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable sterling-dominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such sterling-dominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced and (2) if and for so long as any such Indebtedness is subject to an agreement intended to protect against fluctuations in currency exchange rates with respect to the currency in



which such Indebtedness is denominated covering principal and interest on such Indebtedness, the swapped rate of such Indebtedness as of the date of the applicable swap. Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Issuer and the Restricted Subsidiaries may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

For purposes of determining compliance with the first paragraph of this covenant, the Sterling Equivalent principal amount of Indebtedness denominated in a foreign currency (if such Indebtedness has not been swapped into pounds sterling, or if such Indebtedness has been swapped into a currency other than pounds sterling) shall be calculated using the same weighted average exchange rates for the relevant period used in the consolidated financial statements of the Virgin Reporting Entity for calculating the Sterling Equivalent of Consolidated EBITDA denominated in the same currency as the currency in which such Indebtedness is denominated or into which it has been swapped.

### ***Limitation on Restricted Payments***

The Issuer will not, and will not permit any of the Restricted Subsidiaries, directly or indirectly:

- (1) to declare or pay any dividend or make any distribution on or in respect of its Capital Stock (including any payment in connection with any merger or consolidation involving the Issuer or any of the Restricted Subsidiaries) except:
  - (a) dividends or distributions payable in Capital Stock of the Issuer (other than Disqualified Stock) or Subordinated Shareholder Loans; and
  - (b) dividends or distributions payable to the Issuer or a Restricted Subsidiary (and if such Restricted Subsidiary is not a Wholly Owned Subsidiary of the Issuer, to its other holders of common Capital Stock on a pro rata basis);
- (2) to purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Issuer or any Parent of the Issuer or any Affiliate Guarantor held by Persons other than the Issuer or a Restricted Subsidiary;
- (3) to purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Obligations (other than (x) the purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Obligations purchased in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of purchase, repurchase, redemption, defeasance or other acquisition or retirement or (y) Indebtedness permitted under clause (2) of the second paragraph under the covenant described under “—*Limitation on Indebtedness*”); or
- (4) to make any Restricted Investment in any Person;  
(any such dividend, distribution, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (4) is referred to herein as a “**Restricted Payment**”), if at the time the Issuer or such Restricted Subsidiary makes such Restricted Payment:
  - (a) a Default shall have occurred and be continuing (or would result therefrom); or
  - (b) the Issuer is not able to Incur an additional £1.00 of Pari Passu Indebtedness pursuant to the first paragraph under the covenant described under “—*Limitation on Indebtedness*”, after giving effect, on a pro forma basis, to such Restricted Payment; or
  - (c) the aggregate amount of such Restricted Payment and all other Restricted Payments (the amount so expended, if other than in cash, to be determined in good faith by the Board of Directors or senior management of the Issuer) declared or made subsequent to July 25, 2006 and not returned or rescinded would exceed the sum of:
    - (i) 50% of Consolidated Net Income for the period (treated as one accounting period) from the beginning of the first fiscal quarter commencing after July 25, 2006 to the end of the most recent fiscal quarter ending prior to the date of such Restricted

Payment for which financial statements are available (or, in case such Consolidated Net Income is a deficit, minus 100% of such deficit);

- (ii) 100% of the aggregate Net Cash Proceeds and the fair market value, as determined in good faith by the Board of Directors or senior management of the Issuer, of marketable securities, or other property or assets, received by the Issuer from the issue or sale of its Capital Stock (other than Disqualified Stock) or Subordinated Shareholder Loans or other capital contributions subsequent to July 25, 2006 (other than (A) Net Cash Proceeds received from an issuance or sale of such Capital Stock to the Issuer or a Restricted Subsidiary or an employee stock ownership plan, option plan or similar trust to the extent such sale to an employee stock ownership plan or similar trust is financed by loans from or guaranteed by the Issuer or any Restricted Subsidiary unless such loans have been repaid with cash on or prior to the date of determination or (B) Excluded Contributions;
- (iii) 100% of the aggregate Net Cash Proceeds and the fair market value, as determined in good faith by the Board of Directors or senior management of the Issuer, of marketable securities, or other property or assets, received by the Issuer or any Restricted Subsidiary from the issuance or sale (other than to the Issuer or a Restricted Subsidiary) by the Issuer or any Restricted Subsidiary subsequent to July 25, 2006 of any Indebtedness that has been converted into or exchanged for Capital Stock of the Issuer (other than Disqualified Stock) or Subordinated Shareholder Loans;
- (iv) the amount equal to the net reduction in Restricted Investments made by the Issuer or any of the Restricted Subsidiaries subsequent to July 25, 2006 resulting from:
  - (A) repurchases, redemptions or other acquisitions or retirements of any such Restricted Investment, proceeds realized upon the sale or other disposition to a Person other than the Issuer or a Restricted Subsidiary of any such Restricted Investment, repayments of loans or advances or other transfers of assets (including by way of dividend, distribution, interest payments or returns of capital) to the Issuer or any Restricted Subsidiary; or
  - (B) the redesignation of Unrestricted Subsidiaries as Restricted Subsidiaries (valued, in each case, as provided in the definition of "Investment") not to exceed, in the case of any Unrestricted Subsidiary, the amount of Investments previously made by the Issuer or any Restricted Subsidiary in such Unrestricted Subsidiary,

which amount in each case under this clause (iv) was included in the calculation of the amount of Restricted Payments; *provided, however*, that no amount will be included in Consolidated Net Income for the purposes of the preceding clause (i) to the extent that it is (at the Issuer's option) included under this clause (iv);

- (v) without duplication of amounts included in clause (iv) the amount by which Indebtedness of the Issuer is reduced on the Issuer's Consolidated balance sheet upon the conversion or exchange of any Indebtedness of the Issuer issued after July 25, 2006, which is convertible or exchangeable for Capital Stock (other than Disqualified Stock) of the Issuer issued to Persons not including the Issuer (less the amount of any cash or the Fair Market Value of other property or assets distributed by the Issuer upon such conversion or exchange); and
- (vi) 100% of the Net Cash Proceeds and the fair market value (as determined in accordance with the next succeeding paragraph) of marketable securities, or other property or assets, received by the Issuer or any of the Restricted Subsidiaries in connection with: (A) the sale or other disposition (other than to the Issuer or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) of Capital Stock of an Unrestricted Subsidiary; and (B) any dividend or distribution made by an Unrestricted Subsidiary to the Issuer or a Restricted Subsidiary; *provided, however*, that no amount will be included in Consolidated Net Income for the purposes of the preceding clause (i) to the extent that it is (at the Issuer's option) included under this clause (vi).

For purposes of calculating the aggregate amount of Restricted Payments under clause 4(c) above declared or made subsequent to July 25, 2006 and prior to the Issue Date, any Restricted Payment which was not included in the calculation of the amount of Restricted Payments under Section 4.07(a)(C) of the 2006 Indenture shall also not be included in such calculation under clause 4(c) above.

The fair market value of property or assets other than cash for, purposes of this covenant, shall be the fair market value thereof as determined in good faith by the Board of Directors or senior management of the Issuer.

The provisions of the preceding paragraph will not prohibit:

- (1) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Capital Stock, Disqualified Stock, Subordinated Shareholder Loans or Subordinated Obligations of the Issuer made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the substantially concurrent (and in any event not more than 90 days following) sale of, or issuance of, Subordinated Shareholder Loans or, Capital Stock of the Issuer (other than Disqualified Stock or Capital Stock issued or sold to a Subsidiary or an employee stock ownership plan or similar trust to the extent such sale to an employee stock ownership plan or similar trust is financed by loans from or guaranteed by the Issuer or any Restricted Subsidiary unless such loans have been repaid with cash on or prior to the date of determination), or of a substantially concurrent capital contribution to the Issuer; *provided, however*, that (a) such purchase, repurchase, redemption, defeasance, acquisition or retirement will be excluded in subsequent calculations of the amount of Restricted Payments and (b) the Net Cash Proceeds from such sale or issuance of Capital Stock or Subordinated Shareholder Loans or from such capital contribution will be excluded from clause (c)(ii) of the preceding paragraph;
- (2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Obligations of the Issuer or a Restricted Subsidiary made by exchange for, or out of the proceeds of the substantially concurrent (and in any event not more than 90 days following) sale of, Subordinated Obligations of the Issuer or such Restricted Subsidiary that is permitted to be Incurred pursuant to the covenant described under “—*Limitation on Indebtedness*” and that in each case constitutes Refinancing Indebtedness; *provided, however*, that such purchase, repurchase, redemption, defeasance, acquisition or retirement will be excluded in subsequent calculations of the amount of Restricted Payments;
- (3) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Disqualified Stock of the Issuer or a Restricted Subsidiary made by exchange for, or out of the proceeds of the substantially concurrent (and in any event not more than 90 days following) sale of Disqualified Stock of the Issuer or such Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred pursuant to the covenant described under “—*Limitation on Indebtedness*” and that in each case constitutes Refinancing Indebtedness; *provided, however*, that such purchase, repurchase, redemption, defeasance, acquisition or retirement will be excluded in subsequent calculations of the amount of Restricted Payments;
- (4) dividends paid within 60 days after the date of declaration if at such date of declaration such dividend would have complied with this provision; *provided, however*, that such dividends will be included in subsequent calculations of the amount of Restricted Payments;
- (5) the purchase, repurchase, defeasance, redemption or other acquisition, cancellation or retirement for value of Capital Stock, or options, warrants, equity appreciation rights or other rights to purchase or acquire Capital Stock of the Issuer or any Restricted Subsidiary or any parent of the Issuer held by any existing or former employees or management of the Issuer or any Subsidiary of the Issuer or their assigns, estates or heirs, in each case in connection with the repurchase provisions under employee stock option or stock purchase agreements or other agreements to compensate management employees; *provided* that such redemptions or repurchases pursuant to this clause will not exceed an amount equal to £20.0 million in the aggregate during any calendar year (with any unused amounts in any preceding calendar year being carried over to the succeeding calendar year); *provided, however*, that the amount of any such repurchase or redemption will be included in subsequent calculations of the amount of Restricted Payments;
- (6) the declaration and payment of dividends to holders of any class or series of Disqualified Stock, or of any Preferred Stock of a Restricted Subsidiary, Incurred in accordance with the terms of the covenant described under “—*Limitation on Indebtedness*” above; *provided, however*, that such dividends will be excluded from subsequent calculations of the amount of Restricted Payments;

- (7) purchases, repurchases, redemptions, defeasance or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise of stock options, warrants or other convertible securities if such Capital Stock represents a portion of the exercise price thereof; *provided, however*, that such repurchases will be excluded from subsequent calculations of the amount of Restricted Payments;
- (8) the purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of any Subordinated Obligation:
- (a) at a purchase price not greater than 101% of the principal amount of such Subordinated Obligation in the event of a Change of Control in accordance with provisions similar to the “—*Change of Control*” covenant;
  - (b) at a purchase price not greater than 100% of the principal amount thereof in accordance with provisions similar to the “—*Limitation on Sales of Assets and Subsidiary Stock*” covenant; *provided* that, prior to or simultaneously with such purchase, repurchase, redemption, defeasance or other acquisition or retirement, the Issuer has made the Change of Control Offer or Asset Disposition Offer, as applicable, as provided in such covenant with respect to the Notes and have completed the repurchase or redemption of all Notes validly tendered for payment in connection with such Change of Control Offer or Asset Disposition Offer; and *provided*, further, that such purchase, redemption or other acquisition of Subordinated Obligations will be excluded from subsequent calculations of the amount of Restricted Payments; or
  - (c) (i) consisting of Acquired Indebtedness (other than Indebtedness Incurred to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or a Restricted Subsidiary) and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Obligation plus accrued and unpaid interest and any premium required by the terms of any Acquired Indebtedness;
- (9) dividends, loans, advances or distributions to any Parent or other payments by the Issuer or any Restricted Subsidiary in amounts equal to:
- (i) the amounts required for any Parent to pay Parent Expenses;
  - (ii) the amounts required for any Parent to pay Public Offering Expenses or fees and expenses related to any other equity or debt offering of such Parent that are directly attributable to the operation of the Issuer and the Restricted Subsidiaries;
  - (iii) the amounts required for any Parent to pay Related Taxes or, without duplication, pursuant to the Tax Sharing Agreement; and
  - (iv) amounts constituting payments satisfying the requirements of clauses (11) and (12) of the second paragraph of the covenant described under “—*Limitation on Affiliate Transactions*,”
- provided*, that such dividends, loans, advances, distributions or other payments will be excluded from subsequent calculations of the amount of Restricted Payments;
- (10) Restricted Payments in an aggregate amount outstanding at any time not to exceed the aggregate cash amount of Excluded Contributions, or consisting of non-cash Excluded Contributions, or Investments in exchange for or using as consideration Investments previously made under this clause, *provided, however*, that the amount of such Restricted Payments will be excluded from subsequent calculations of the amount of Restricted Payments;
- (11) payments by the Issuer, or loans, advances, dividends or distributions to any parent company of the Issuer to make payments to holders of Capital Stock of the Issuer or any parent company of the Issuer in lieu of the issuance of fractional shares of such Capital Stock; *provided, however*, that the net amount of such payments will be excluded from subsequent calculations of the amount of Restricted Payments;
- (12) [Reserved];
- (13) so long as no Default or Event of Default of the type specified in clauses (1) or (2) under “—*Events of Default*” has occurred and is continuing, any Restricted Payment to the extent that, after giving *pro forma* effect to any such Restricted Payment, the Consolidated Net Leverage Ratio would not exceed 5.00 to 1.00, *provided, however*, that the net amount of such payments will be included in subsequent calculations of the amount of Restricted Payments;

- (14) Restricted Payments in an aggregate amount at any time outstanding, when taken together with all other Restricted Payments made pursuant to this clause (14), not to exceed the greater of (a) £100.0 million and (b) 3.0% of Total Assets, in the aggregate in any calendar year (with any unused amounts in any preceding calendar year being carried over to the succeeding calendar year); *provided, however*, that the amount of such Restricted Payments will be included in subsequent calculations of the amount of Restricted Payments;
- (15) any Restricted Payments for purposes of making corresponding payments on (a) the Convertible Senior Notes and (b) other Indebtedness of any Parent Guarantor that were (i) used in the prepayment, repayment, redemption, defeasance, retirement or purchase of the Convertible Senior Notes, the Existing Senior Notes, the Existing Senior Secured Notes, the Senior Secured Notes, the Notes, other Indebtedness of any Restricted Subsidiary of the Issuer, Pari Passu Indebtedness of the Issuer and Indebtedness of a Restricted Subsidiary that is not a Guarantor (in each case, in whole or in part), or (ii) contributed to or otherwise loaned or transferred to the Issuer or any Restricted Subsidiary; *provided, however*, that the amount of such payments will be excluded in subsequent calculations of the amount of Restricted Payments;
- (16) the distribution, as a dividend or otherwise, of shares of Capital Stock of or, Indebtedness owed to the Issuer or a Restricted Subsidiary by, Unrestricted Subsidiaries; *provided, however*, that such distributions will be excluded from subsequent calculations of the amount of Restricted Payments;
- (17) following a Public Offering of the Issuer or any Parent, the declaration and payment by the Issuer or such Parent, or the making of any cash payments, advances, loans, dividends or distributions to any Parent to pay, dividends or distributions on the Capital Stock, common stock or common equity interests of the Issuer or any Parent; *provided* that the aggregate amount of all such dividends or distributions under this clause (17) shall not exceed in any fiscal year the greater of (a) 6.0% of the Net Cash Proceeds received from such Public Offering or subsequent Equity Offering by the Issuer or contributed to the capital of the Issuer by any Parent of the Issuer in any form other than Indebtedness or Excluded Contributions and (b) following the Initial Public Offering, an amount equal to the greater of (i) 7.0% of the Market Capitalization and (ii) 7.0% of the IPO Market Capitalization, provided that after giving pro forma effect to the payment of any such dividend or making of any such distribution, the Consolidated Net Leverage Ratio would not exceed 5.00 to 1.00; *provided, however*, that the amount of such Restricted Payments will be included in subsequent calculations of the amount of Restricted Payments.
- (18) after the designation of any Restricted Subsidiary as an Unrestricted Subsidiary, distributions (including by way of dividend) consisting of cash, Capital Stock or property or other assets of such Unrestricted Subsidiary that in each case is held by the Issuer or any Restricted Subsidiary; *provided, however*, that (a) such distribution or disposition shall include the concurrent transfer of all liabilities (contingent or otherwise) attributable to the property or other assets being transferred; (b) any property or other assets received from any Unrestricted Subsidiary (other than Capital Stock issued by any Unrestricted Subsidiary) may be transferred by way of distribution or disposition pursuant to this clause (18) only if such property or other assets, together with all related liabilities, is so transferred in a transaction that is substantially concurrent with the receipt of the proceeds of such distribution or disposition by the Issuer or such Restricted Subsidiary; and (c) such distribution or disposition shall not, after giving effect to any related agreements, result nor be likely to result in any material liability, tax or other adverse consequences to the Issuer and the Restricted Subsidiaries on a consolidated basis; provided further, however, that such distributions will be excluded from the calculation of the amount of Restricted Payments, it being understood that proceeds from the disposition of any cash, Capital Stock or property or other assets of an Unrestricted Subsidiary that are so distributed will not increase the amount of Restricted Payments permitted under clause (c)(iv) of the preceding paragraph above;
- (19) any Restricted Payment on common stock of the Issuer or any Affiliate Subsidiary up to £60 million per year; *provided, however*, in each case, that such Restricted Payments will be included in the calculation of the amount of Restricted Payments;
- (20) Restricted Payments at any time outstanding made with the proceeds of any drawings under a Permitted Revolving Credit Facility in an amount not to exceed the Revolving Facility Excluded Amount, provided that, the amount of any Restricted Payment made pursuant to this clause (20) shall be deemed to be reduced (but not below zero) by the aggregate principal amount of any prepayment or repayment (including on a cashless basis) of any such drawings under such Permitted Revolving Credit Facility; *provided* that, the net amount of such Restricted Payments will be included in subsequent calculations of the amount of Restricted Payments;

- (21) any Business Division Transaction, *provided*, that after giving pro forma effect thereto, the Issuer could Incur at least £1.00 of additional Indebtedness under the first paragraph of the covenant described under “—*Limitation on Indebtedness*”; *provided* that the amount of such Restricted Payments will be excluded from the calculation of Restricted Payments;
- (22) any Restricted Payment from the Issuer or any Restricted Subsidiary to the Parent or any other Subsidiary of the Parent which is not a Restricted Subsidiary; *provided* that such Subsidiary advances the proceeds of any such Restricted Payment to the Issuer or any other Restricted Subsidiary, as applicable, within 3 days of receipt thereof and that such Restricted Payments do not exceed an amount equal to 10% of Total Assets at any one time; *provided, however*, that such Restricted Payments will be excluded from the calculation of the amount of Restricted Payments; and
- (23) any Restricted Payment by the Company or any Restricted Subsidiary not to exceed the aggregate amount of the proceeds of the Notes and the Senior Secured Notes issued on the Issue Date and any other Restricted Payments reasonably required in connection with the UPC Ireland Acquisition; *provided, however*, that the amount of such Restricted Payments will be excluded in subsequent calculations of the amount of Restricted Payments.

For purposes of determining compliance with this covenant, in the event that a Restricted Payment meets the criteria of more than one of the categories described in clauses (1) through (23) above, or is permitted pursuant to the first paragraph of this covenant, the Issuer will be entitled to classify such Restricted Payment (or portion thereof) on the date of its payment or later reclassify such Restricted Payment (or portion thereof) in any manner that complies with this covenant.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Issuer or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be its face amount and any non-cash Restricted Payment shall be determined in good faith by the Board of Directors or senior management of the Issuer.

#### ***Limitation on Liens***

The Issuer will not, and will not permit any of the Restricted Subsidiaries to, directly or indirectly, create, Incur or suffer to exist any Lien (other than Permitted Liens) upon any of its property or assets (including Capital Stock of Restricted Subsidiaries), whether owned on the Issue Date or acquired after that date, which Lien is securing any Indebtedness (such Lien, the “**Initial Lien**”), unless contemporaneously with the Incurrence of such Initial Lien effective provision is made to secure the Indebtedness due under the Indenture and the Notes or, in respect of Liens on any Guarantor’s property or assets, such Guarantor’s Guarantee, equally and ratably with (or (a) on a junior priority basis if such Indebtedness is Senior Indebtedness of a Guarantor or (b) prior to, in the case of Liens with respect to Subordinated Obligations of a Guarantor, as the case may be) the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured.

Any such Lien thereby created in favor of the Notes will be automatically and unconditionally released and discharged upon (i) the release and discharge of the Initial Lien to which it relates, (ii) any sale, exchange or transfer to any Person other than the Issuer or any Restricted Subsidiary of the property or assets secured by such Initial Lien, (iii) the full and final payment of all amounts payable by the Issuer under the Notes and the Indenture, (iv) with respect to any Additional Subsidiary Guarantor the assets or the Capital Stock of which are encumbered by such Lien, upon the release of the Additional Subsidiary Guarantee of such Additional Subsidiary Guarantor in accordance with the provision described under “—*Additional Subsidiary Guarantees*” or (iv) the defeasance or discharge of the Notes in accordance with the defeasance provisions described under “—*Defeasance*” and “—*Satisfaction and Discharge*”.

#### ***Limitation on Restrictions on Distributions from Restricted Subsidiaries***

The Issuer will not, and will not permit any Restricted Subsidiary (other than the Affiliate Subsidiaries) to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary (other than the Affiliate Subsidiaries) to:

- (1) pay dividends or make any other distributions on its Capital Stock or pay any Indebtedness or other obligations owed to the Issuer or any Restricted Subsidiary;
- (2) make any loans or advances to the Issuer or any Restricted Subsidiary; or
- (3) transfer any of its property or assets to the Issuer or any Restricted Subsidiary;

*provided* that (a) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on Common Stock and (b) the subordination of (including but not limited to, the application of any standstill requirements to) loans or advances made to the Issuer or any Restricted Subsidiary to other Indebtedness Incurred by the Issuer or any Restricted Subsidiary, shall not be deemed to constitute such an encumbrance or restriction.

The preceding provisions will not prohibit:

- (1) any encumbrance or restriction pursuant to an agreement in effect at or entered into on the Issue Date, including, without limitation, the Indenture, the Existing Senior Secured Notes Indentures, the Senior Secured Notes Indenture, the Existing Senior Notes Indentures, the Senior Credit Facility, the Intercreditor Deed and the security documents thereunder, in each case, as in effect on the Issue Date;
- (2) any encumbrance or restriction pursuant to an agreement or instrument of a Person relating to any Capital Stock or Indebtedness of a Person, Incurred on or before the date on which such Person was acquired by or merged or consolidated with or into the Issuer or any Restricted Subsidiary, or on which such agreement or instrument is assumed by the Issuer or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by the Issuer or was merged or consolidated with or into the Issuer or any Restricted Subsidiary or in contemplation of such transaction) and outstanding on such date, *provided*, that any such encumbrance or restriction shall not extend to any assets or property of the Issuer or any other Restricted Subsidiary other than the assets and property so acquired and *provided*, further, that for the purposes of this clause, if another Person is the Successor Company, any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary shall be deemed acquired or assumed by the Issuer or any Restricted Subsidiary when such Person becomes the Successor Company;
- (3) any encumbrance or restriction pursuant to an agreement or instrument effecting a refunding, replacement or refinancing of Indebtedness Incurred pursuant to, or that otherwise extends, renews, refunds, refinances or replaces, an agreement referred to in clause (1) or (2) of this paragraph or this clause (3) or contained in any amendment, supplement or other modification to an agreement referred to in clause (1) or (2) of this paragraph or this clause (3); *provided, however*, that the encumbrances and restrictions, taken as a whole, with respect to such Restricted Subsidiary contained in any such agreement are no less favorable in any material respect to the holders of the Notes than the encumbrances and restrictions contained in such agreements referred to in clauses (1) or (2) of this paragraph (as determined in good faith by the Board of Directors or senior management of the Issuer);
- (4) in the case of clause (3) of the first paragraph of this covenant, any encumbrance or restriction:
  - (i) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any such lease, license or other contract;
  - (ii) contained in Liens permitted under the Indenture securing Indebtedness of the Issuer or a Restricted Subsidiary to the extent such encumbrances or restrictions restrict the transfer of the property subject to such mortgages, pledges or other security agreements; or
  - (iii) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Issuer or any Restricted Subsidiary;
- (5) any encumbrance or restriction pursuant to (a) Purchase Money Obligations for property acquired in the ordinary course of business and (b) Capitalized Lease Obligations permitted under the Indenture, in each case that impose encumbrances or restrictions of the nature described in clause (3) of the first paragraph of this covenant on the property so acquired;
- (6) any Purchase Money Note or other Indebtedness or contractual requirements Incurred with respect to a Qualified Receivables Transaction relating exclusively to a Receivables Entity that, in the good faith determination of the Board of Directors or senior management of the Issuer, are necessary to effect such Qualified Receivables Transaction;
- (7) any encumbrance or restriction with respect to a Restricted Subsidiary (or any of its property or assets) imposed pursuant to an agreement entered into for the direct or indirect sale or disposition of

- all or substantially all the Capital Stock or assets of such Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;
- (8) customary provisions in leases, asset sale agreements, joint venture agreements and other agreements and instruments entered into by the Issuer or any Restricted Subsidiary in the ordinary course of business;
  - (9) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation, governmental license or order, or required by any regulatory authority;
  - (10) any encumbrance or restriction on cash or other deposits or net worth imposed by customers under agreements entered into in the ordinary course of business;
  - (11) any encumbrance or restriction pursuant to Currency Agreements, Commodity Agreements or Interest Rate Agreements; and
  - (12) any encumbrance or restriction arising pursuant to an agreement or instrument relating to any Indebtedness permitted to be Incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under “—*Limitation on Indebtedness*” if (a) the encumbrances and restrictions taken as a whole are not materially less favorable to the holders of the Notes than the encumbrances and restrictions contained in the Senior Credit Facility, the Existing Senior Secured Notes Indentures, the Senior Secured Notes Indenture and the Intercreditor Deed, in each case, as in effect on the Issue Date (as determined in good faith by the Board of Directors or senior management of the Issuer) or (b) such encumbrances and restrictions taken as a whole are not materially more disadvantageous to the holders of the Notes than is customary in comparable financings (as determined in good faith by the Board of Directors or senior management of the Issuer) and, in each case, either (i) the Issuer reasonably believes that such encumbrances and restrictions will not materially affect the Issuer’s ability to make principal or interest payments on the Notes as and when they come due or (ii) such encumbrances and restrictions apply only if a default occurs in respect of a payment or financial covenant relating to such Indebtedness.

#### ***Limitation on Sales of Assets and Subsidiary Stock***

The Issuer will not, and will not permit any of the Restricted Subsidiaries to, make any Asset Disposition unless:

- (1) the Issuer or such Restricted Subsidiary, as the case may be, receives consideration (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) at least equal to the fair market value (such fair market value to be determined on the date of contractually agreeing to such Asset Disposition), as determined in good faith by the Board of Directors or senior management of the Issuer (including as to the value of all non-cash consideration), of the shares and assets subject to such Asset Disposition;
- (2) unless the Asset Disposition is a Permitted Asset Swap, at least 75% of the consideration from such Asset Disposition (excluding any consideration by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise, other than Indebtedness) received by the Issuer or such Restricted Subsidiary, as the case may be, is in the form of cash or Cash Equivalents; and
- (3) an amount equal to 100% of the Net Available Cash from such Asset Disposition is applied by the Issuer or such Restricted Subsidiary, as the case may be:
  - (a) to the extent the Issuer or any Restricted Subsidiary, as the case may be, elects (or is required by the terms of any Indebtedness), to prepay, repay or purchase Senior Indebtedness of the Issuer (including the Notes) or any Subsidiary Guarantor or Indebtedness of a Restricted Subsidiary that is not a Subsidiary Guarantor (in each case other than Indebtedness owed to the Issuer or an Affiliate of the Issuer) within 365 days from the later of the date of such Asset Disposition or the receipt of such Net Available Cash; *provided, however*, that, in connection with any prepayment, repayment or purchase of Indebtedness pursuant to this clause (a), the Issuer or such Restricted Subsidiary will retire such Indebtedness and will cause the related commitment (if any) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid or purchased; or
  - (b) to the extent the Issuer or such Restricted Subsidiary elects to invest in or commit to invest in Additional Assets within 365 days from the later of the date of such Asset Disposition or the receipt of such Net Available Cash; *provided, however*, that any such reinvestment in Additional Assets made pursuant to a definitive agreement or a commitment approved by



the Board of Directors or senior management of the Issuer that is executed or approved within such time will satisfy this requirement, so long as such investment is consummated within 6 months of such 365th day;

*provided* that pending the final application of any such Net Available Cash in accordance with clause (a) or clause (b) above, the Issuer or such Restricted Subsidiary may temporarily reduce Indebtedness or otherwise invest such Net Available Cash in any manner not prohibited by the Indenture.

Any Net Available Cash from Asset Dispositions that is not applied or invested or committed to be applied as provided in the preceding paragraph will be deemed to constitute “**Excess Proceeds**”. On the 366th day after an Asset Disposition, if the aggregate amount of Excess Proceeds exceeds £250.0 million, the Issuer will be required to make an offer (“**Asset Disposition Offer**”) to all holders of Notes and to the extent required by the terms of other Indebtedness of the Issuer or any Subsidiary Guarantor that does not constitute Subordinated Obligations, to all holders of such other Indebtedness outstanding with similar provisions requiring the Issuer or such Subsidiary Guarantor to make an offer to purchase such Indebtedness with the proceeds from any Asset Disposition (“**Other Asset Disposition Indebtedness**”), to purchase the maximum principal amount of Notes and any such Other Asset Disposition Indebtedness to which the Asset Disposition Offer applies that may be purchased out of the Excess Proceeds, at an offer price in cash in an amount equal to 100% of the principal amount of the Notes and Other Asset Disposition Indebtedness plus accrued and unpaid interest to the date of purchase, in accordance with the procedures set forth in the Indenture or the agreements governing the Other Asset Disposition Indebtedness, as applicable, in each case in a principal amount of €100,000 and in integral multiples of €1,000 in excess thereof, in the case of the Euro Notes and \$200,000 and in integral multiples of \$1,000 in excess thereof, in the case of the Dollar Notes.

To the extent that the aggregate amount of Notes and Other Asset Disposition Indebtedness so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Issuer may use any remaining Excess Proceeds for general corporate purposes in any manner not prohibited by the Indenture. If the aggregate principal amount of Notes surrendered by holders thereof and Other Asset Disposition Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Trustee shall select the Notes and Other Asset Disposition Indebtedness to be purchased on a pro rata basis on the basis of the aggregate principal amount of tendered Notes and Other Asset Disposition Indebtedness. For the purposes of calculating the principal amount of any such Indebtedness not denominated in sterling, such Indebtedness shall be calculated by converting any such principal amounts into their Sterling Equivalent determined as of a date selected by the Issuer that is within the Asset Disposition Offer Period. Upon completion of such Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero.

The Asset Disposition Offer, insofar as it relates to the Notes, will remain open for a period of 20 Business Days following its commencement, except to the extent that a longer period is required by applicable law (the “**Asset Disposition Offer Period**”). No later than five Business Days after the termination of the Asset Disposition Offer Period (the “**Asset Disposition Purchase Date**”), the Issuer will purchase the principal amount of Notes and Other Asset Disposition Indebtedness required to be purchased pursuant to this covenant (the “**Asset Disposition Offer Amount**”) or, if less than the Asset Disposition Offer Amount has been so validly tendered, all Notes and Other Asset Disposition Indebtedness validly tendered in response to the Asset Disposition Offer.

Any Net Available Cash payable in respect of the Notes pursuant to this covenant will be apportioned between the Euro Notes and the Dollar Notes in proportion to the respective aggregate principal amounts of Euro Notes and Dollar Notes validly tendered and not withdrawn, based upon the Euro Equivalent of such principal amount of Dollar Notes determined as of a date selected by the Issuer that is within the Asset Disposition Offer Period. To the extent that any portion of Net Available Cash payable in respect of the relevant Notes is denominated in a currency other than the currency in which the relevant Notes are denominated, the amount thereof payable in respect of such Notes shall not exceed the net amount of funds in the currency in which such Notes are denominated that is actually received by the Issuer upon converting such portion into such currency.

If the Asset Disposition Purchase Date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest will be paid to the Person in whose name a Note is registered at the close of business on such record date, and no additional interest will be payable to holders who tender Notes pursuant to the Asset Disposition Offer.

On or before the Asset Disposition Purchase Date, the Issuer will, to the extent lawful, accept for payment, on a pro rata basis to the extent necessary, the Asset Disposition Offer Amount of Notes and Other Asset Disposition Indebtedness or portions of Notes and Other Asset Disposition Indebtedness so validly tendered and not properly withdrawn pursuant to the Asset Disposition Offer, or if less than the Asset Disposition Offer Amount has been validly tendered and not properly withdrawn, all Notes and Other Asset Disposition Indebtedness so validly tendered and not properly withdrawn, in each case in a principal amount of €100,000 and in integral multiples of €1,000 in excess thereof, in the case of the Euro Notes and in denominations of \$200,000 and in integral multiples of \$1,000 in excess thereof, in the case of the Dollar Notes. The Issuer will deliver to the Trustee an Officer's Certificate stating that such Notes or portions thereof were accepted for payment by the Issuer in accordance with the terms of this covenant. The Issuer or the Paying Agent, as the case may be, will promptly (but in any case not later than five Business Days after termination of the Asset Disposition Offer Period) mail or deliver to each tendering holder of Notes or holder or lender of Other Asset Disposition Indebtedness, as the case may be, an amount equal to the purchase price of the Notes or Other Asset Disposition Indebtedness so validly tendered and not properly withdrawn by such holder or lender, as the case may be, and accepted by the Issuer for purchase, and the Issuer will promptly issue a new Note, and the Trustee (or its authenticating agent), upon delivery of an Officer's Certificate from the Issuer will authenticate and mail or deliver (or cause to be transferred by book-entry) such new Note to such holder, in a principal amount equal to any unpurchased portion of the Note surrendered; *provided* that each such new Note will be in a principal amount of €100,000 and in integral multiples of €1,000 in excess thereof, in the case of the Euro Notes and in denominations of \$200,000 and in integral multiples of \$1,000 in excess thereof, in the case of the Dollar Notes. In addition, the Issuer will take any and all other actions required by the agreements governing the Other Asset Disposition Indebtedness. Any Note not so accepted will be promptly mailed or delivered by the Issuer to the holder thereof. The Issuer will publicly announce the results of the Asset Disposition Offer on the Asset Disposition Purchase Date.

For the purposes of this covenant, the following will be deemed to be cash:

- (1) the assumption by the transferee of Indebtedness (other than Subordinated Obligations) of the Issuer or any Subsidiary Guarantor or Indebtedness of a Restricted Subsidiary that is not a Subsidiary Guarantor and the release of the Issuer, such Subsidiary Guarantor or such Restricted Subsidiary from all liability on such Indebtedness in connection with such Asset Disposition (in which case the Issuer will, without further action, be deemed to have applied such deemed cash to Indebtedness in accordance with clause (3)(a) above);
- (2) securities, notes or other obligations received by the Issuer or any Restricted Subsidiary from the transferee that are convertible by the Issuer or such Restricted Subsidiary into cash or Cash Equivalents within 180 days following the closing of such Asset Disposition;
- (3) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, to the extent that the Issuer and each other Restricted Subsidiary are released from any guarantee of payment of the principal amount of such Indebtedness in connection with such Asset Disposition;
- (4) consideration consisting of Indebtedness of the Issuer or any Restricted Subsidiary;
- (5) any Designated Non-Cash Consideration received by the Issuer or any Restricted Subsidiary in such Asset Dispositions having an aggregate fair market value not to exceed 25.0% of the consideration from such Asset Disposition (excluding any consideration received from such Asset Disposition in accordance with clauses (1) to (4) of this paragraph) (with the fair market value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value); and
- (6) in addition to any Designated Non-Cash Consideration received pursuant to clause (5) of this paragraph, any Designated Non-Cash Consideration received by the Issuer or any Restricted Subsidiary in such Asset Dispositions having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this clause (6) that is at that time outstanding, not to exceed the greater of £250 million and 5.0% of Total Assets (with the fair market value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value).

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to the Indenture. To the extent that the provisions of any securities laws or regulations conflict with provisions of this

covenant, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of any conflict.

### ***Limitation on Affiliate Transactions***

The Issuer will not, and will not permit any of the Restricted Subsidiaries to, directly or indirectly, enter into or conduct any transaction (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Issuer (an “**Affiliate Transaction**”) involving aggregate consideration in excess of £15.0 million for such Affiliate Transactions in any fiscal year, unless:

- (1) the terms of such Affiliate Transaction are not materially less favorable, taken as a whole, to the Issuer or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction in arm’s-length dealings with a Person who is not such an Affiliate; and
- (2) in the event such Affiliate Transaction involves an aggregate consideration in excess of £100.0 million, the terms of such transaction have been approved by a majority of the members of the Board of Directors of the Issuer.

The preceding paragraph will not apply to:

- (1) any Restricted Payment permitted to be made pursuant to the covenant described under “—*Limitation on Restricted Payments*” or any Permitted Investment;
- (2) any issuance or sale of Capital Stock, options, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of the Issuer or any Parent, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultant plans (including, without limitation, valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) and/or indemnities provided on behalf of officers, employees or directors or consultants approved by the Board of Directors of the Issuer, in each case in the ordinary course of business;
- (3) loans or advances to employees, officers or directors in the ordinary course of business of the Issuer or any of the Restricted Subsidiaries but in any event not to exceed £10.0 million in the aggregate outstanding at any one time with respect to all loans or advances made since the Issue Date;
- (4) (a) any transaction between or among the Issuer and a Restricted Subsidiary (or an entity that becomes a Restricted Subsidiary in connection with such transaction) or between or among Restricted Subsidiaries (or an entity that becomes a Restricted Subsidiary in connection with such transaction); and (b) any guarantees issued by the Issuer or a Restricted Subsidiary for the benefit of the Issuer or a Restricted Subsidiary (or an entity that becomes a Restricted Subsidiary in connection with such transaction), as the case may be, in accordance with “—*Limitation on Indebtedness*”;
- (5) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business and otherwise in compliance with the terms of the Indenture, which, taken as a whole, are fair to the Issuer or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors or the senior management of the Issuer or the relevant Restricted Subsidiary, as applicable, or are on terms not materially less favorable than those that could reasonably have been obtained at such time from an unaffiliated party;
- (6) loans or advances to any Affiliate of the Issuer by the Issuer or any Restricted Subsidiary, *provided* that the terms of such loan or advance are fair to the Issuer or the relevant Restricted Subsidiary, as the case may be, in the reasonable determination of the Board of Directors or senior management of the Issuer or are on terms not materially less favorable than those that could reasonably have been obtained from an unaffiliated party;
- (7) the payment of reasonable and customary fees paid to, and indemnity provided on behalf of, directors of the Issuer or any Restricted Subsidiary;
- (8) the performance of obligations of the Issuer or any of the Restricted Subsidiaries under (a) the terms of any agreement to which the Issuer or any of the Restricted Subsidiaries is a party as of or on the Issue Date or (b) any agreement entered into after the Issue Date on substantially similar terms to an

agreement under clause (a) of this paragraph (8), in each case, as these agreements may be amended, modified, supplemented, extended or renewed from time to time; *provided, however*, that any such agreement or amendment, modification, supplement, extension or renewal to such agreement, in each case, entered into after the Issue Date will be permitted to the extent that its terms are not materially more disadvantageous to the holders of the Notes than the terms of the agreements in effect on the Issue Date;

- (9) sales or other transfers or dispositions of accounts receivable and other related assets customarily transferred in an asset securitization transaction involving accounts receivable to a Receivables Entity in a Qualified Receivables Transaction, and acquisitions of Permitted Investments in connection with a Qualified Receivables Transaction;
- (10) the issuance of Capital Stock or any options, warrants or other rights to acquire Capital Stock (other than Disqualified Stock) of the Issuer to any Affiliate;
- (11) the payment to any Permitted Holder of all reasonable expenses Incurred by any Permitted Holder in connection with its direct or indirect investment in the Issuer and its Subsidiaries and unpaid amounts accrued for prior periods (but after the Issue Date);
- (12) the payment to any Parent or Permitted Holder (1) of Management Fees (a) on a bona fide arm's-length basis in the ordinary course of business or (b) of up to the greater of £15.0 million and 0.5% of Total Assets in any calendar year, (2) for financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including without limitation in connection with acquisitions or divestitures, which payments are approved by a majority of the members of the Board of Directors of the Issuer or (3) of Parent Expenses;
- (13) guarantees of Indebtedness and other obligations otherwise permitted under the Indenture;
- (14) if not otherwise prohibited under the Indenture, the issuance of Capital Stock (other than Disqualified Stock) or Subordinated Shareholder Loans (including the payment of cash interest thereon; *provided* that, after giving pro forma effect to any such cash interest payment, the Consolidated Net Leverage Ratio would not exceed 5.00 to 1.00) of the Issuer to any direct Parent of the Issuer or any Permitted Holder;
- (15) arrangements with customers, clients, suppliers, contractors, lessors or sellers of goods or services that are negotiated with an Affiliate, in each case, which are otherwise in compliance with the terms of the Indenture; *provided* that the terms and conditions of any such transaction or agreement as applicable to the Issuer and the Restricted Subsidiaries, taken as a whole are fair to the Issuer and the Restricted Subsidiaries and are on terms not materially less favorable to the Issuer and the Restricted Subsidiaries than those that could have reasonably been obtained in respect of an analogous transaction or agreement that would not constitute an Affiliate Transaction (in each case, as determined in good faith by the Board of Directors or the senior management of the Issuer);
- (16) (a) transactions with Affiliates in their capacity as holders of Indebtedness or Capital Stock of the Issuer or any Restricted Subsidiary, so long as such Affiliates are not treated materially more favorably than holders of such Indebtedness or Capital Stock generally, and (b) transactions with Affiliates in their capacity as borrowers of Indebtedness from the Issuer or any Restricted Subsidiary, so long as such Affiliates are not treated materially more favorably than holders of such Indebtedness generally;
- (17) any tax sharing agreement or arrangement and payments pursuant thereto between or among the Ultimate Parent, the Issuer or any other Person or a Restricted Subsidiary not otherwise prohibited by the Indenture and any payments or other transactions pursuant to a tax sharing agreement between the Issuer and any other Person or a Restricted Subsidiary and any other Person with which the Issuer or any of the Restricted Subsidiaries files a consolidated tax return or with which the Issuer or any of the Restricted Subsidiaries is part of a group for tax purposes;
- (18) transactions relating to the provision of Intra-Group Services in the ordinary course of business;
- (19) transactions between any Restricted Subsidiary and Virgin Media Communications, or between the Issuer and Virgin Media Communications, in each case, to effect or facilitate a transfer of any property or asset from the Issuer and/or any Restricted Subsidiary to another Restricted Subsidiary and/or the Issuer, as applicable;
- (20) any transaction reasonably necessary to effect the UPC Ireland Acquisition;
- (21) any transaction reasonably necessary to effect the Post-Closing Reorganizations;

- (22) any transaction in the ordinary course of business between or among the Issuer or any Restricted Subsidiary and any Affiliate of the Issuer that is an Unrestricted Subsidiary or a joint venture or similar entity (including a Permitted Joint Venture) that would constitute an Affiliate Transaction solely because the Issuer or a Restricted Subsidiary owns an equity interest in or otherwise controls such Unrestricted Subsidiary, joint venture or similar entity; and
- (23) commercial contracts entered into in the ordinary course of business between an Affiliate of the Issuer and the Issuer or any Restricted Subsidiary that are on arm's length terms or on a basis that senior management of the Issuer reasonably believes allocates costs fairly.

#### ***Limitation on Layering***

The Issuer or any Guarantors may not Incur any Indebtedness that is subordinated in right of payment to other Senior Indebtedness of the Issuer or any Guarantor that ranks pari passu with the Notes or Note Guarantee, as applicable, unless such Indebtedness Incurred by the Issuer or any Guarantor is also subordinated or pari passu to the Notes or the relevant Note Guarantee; *provided, however*, that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Issuer or any Guarantor solely by virtue of being unsecured, by virtue of being secured with different collateral, by virtue of being secured on a junior priority basis or by virtue of the application of waterfall or other payment-ordering provisions.

#### ***Limitation on Issuances of Guarantees of Indebtedness by Restricted Subsidiaries***

No Restricted Subsidiary (other than the Issuer or a Guarantor) shall guarantee or otherwise become obligated under any Indebtedness under the Existing Senior Notes or guarantee any other Indebtedness of the Issuer or any Guarantor in an amount in excess of £50 million unless such Restricted Subsidiary is or becomes an Additional Guarantor on the date on which such other guarantee or Indebtedness is Incurred (or as soon as reasonably practicable thereafter) and, if applicable, executes and delivers to the Trustee a supplemental indenture in the form attached to the Indenture pursuant to which such Restricted Subsidiary will provide an Additional Subsidiary Guarantee (which Additional Subsidiary Guarantee shall be subordinated to Senior Indebtedness of such Additional Guarantor and senior to or pari passu with such Restricted Subsidiary's guarantee of such other Indebtedness); *provided that*,

- (1) if such Restricted Subsidiary is not a Significant Subsidiary, such Restricted Subsidiary shall only be obligated to become an Additional Guarantor if such Indebtedness is Indebtedness of the Issuer or Public Debt of a Guarantor;
- (2) an Additional Guarantor's Additional Subsidiary Guarantee may be limited in amount to the extent required by fraudulent conveyance, thin capitalization, corporate benefit, financial assistance or other similar laws (but, in such a case (a) each of the Issuer and the Restricted Subsidiaries will use their reasonable best efforts to overcome the relevant legal limit and will procure that the relevant Restricted Subsidiary undertakes all whitewash or similar procedures which are legally available to eliminate the relevant limit and (b) the relevant guarantee shall be given on an equal and ratable basis with the guarantee of any other Indebtedness giving rise to the obligation to guarantee the Notes); and
- (3) for so long as it is not permissible under applicable law for a Restricted Subsidiary to become an Additional Guarantor, such Restricted Subsidiary need not become an Additional Guarantor (but, in such a case, each of the Issuer and the Restricted Subsidiaries will use their reasonable best efforts to overcome the relevant legal prohibition precluding the giving of the guarantee and will procure that the relevant Restricted Subsidiary undertakes all whitewash or similar procedures which are legally available to eliminate the relevant legal prohibition, and shall give such guarantee at such time (and to the extent) that it thereafter becomes permissible).

The preceding paragraph shall not apply to: (1) the granting by such Restricted Subsidiary of a Permitted Lien under circumstances which do not otherwise constitute the guarantee of Indebtedness of the Issuer; or (2) the guarantee by any Restricted Subsidiary of Indebtedness that refinances Indebtedness which benefited from a guarantee by any Restricted Subsidiary Incurred in compliance with this covenant immediately prior to such refinancing.

Notwithstanding the foregoing, any guarantee created pursuant to the provisions described in the foregoing paragraphs shall provide by its terms that it shall be automatically and unconditionally released and discharged upon the occurrence of any events described in clauses (1) through (9) under "*—Ranking of the*

### **Reports**

So long as the Notes are outstanding, the Issuer will furnish to the Trustee without cost to the Trustee (who, at the Issuer’s expense, will furnish to the holders), and, in each case of clauses (2) and (3) below, will post on its website (or make similar disclosure); *provided, however*, that to the extent any reports are filed on the SEC’s website or the Issuer’s or the Ultimate Parent’s website, such reports shall be deemed to be furnished to the Trustee and the holders:

- (1) within 150 days after the end of each fiscal year ending subsequent to the Issue Date, an annual report of the Virgin Reporting Entity, containing the following information: (a) audited combined or consolidated balance sheets of the Virgin Reporting Entity as of the end of the two most recent fiscal years and audited combined or consolidated income statements and statements of cash flow of the Virgin Reporting Entity for the two most recent fiscal years, in each case prepared in accordance with GAAP, including appropriate footnotes to such financial statements, and a report of the independent public accountants on the financial statements; (b) to the extent relating to such annual periods, an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition, liquidity and capital resources, and critical accounting policies; and (c) to the extent not included in the audited financial statements or operating and financial review, a description of the business, management and shareholders of the Virgin Reporting Entity and its Subsidiaries and a description of all material debt instruments; *provided, however*, that such reports need not (i) contain any segment data other than as required under GAAP in its financial reports with respect to the period presented, (ii) include any exhibits or (iii) include separate financial statements for any Affiliates of the Virgin Reporting Entity or any acquired businesses;
- (2) within 60 days after each of the first three fiscal quarters in each fiscal year, a quarterly report of the Virgin Reporting Entity containing the following information: (a) unaudited combined or consolidated financial statements of the Virgin Reporting Entity for such period, prepared in accordance with GAAP, and (b) a financial review of such period including a comparison against the prior year’s comparable period), consisting of a discussion of (i) the results of operations and financial condition of the Virgin Reporting Entity on a consolidated basis, and material changes between the current period and the prior year’s comparable period and (ii) material developments in the business of the Virgin Reporting Entity and its Subsidiaries, (c) financial information and trends in the business in which the Virgin Reporting Entity and its Subsidiaries are engaged and (d) information with respect to any material acquisition or disposal during the period *provided, however*, that such reports need not (i) contain any segment data other than as required under GAAP in its financial reports with respect to the period presented, (ii) include any exhibits or (iii) include separate financial statements for any Affiliates of the Virgin Reporting Entity or any acquired businesses; and
- (3) within 10 days after the occurrence of such event, information with respect to (a) any change in the independent public accountants of the Virgin Reporting Entity (unless such change is made in conjunction with a change in the auditor of the Ultimate Parent), (b) any material acquisition or disposal, and (c) any material development in the business of the Issuer and the Restricted Subsidiaries.

If the Issuer has designated any of the Restricted Subsidiaries as Unrestricted Subsidiaries and any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries constitute Significant Subsidiaries of the Issuer, then the annual and quarterly information required by clauses (1) and (2) of the first paragraph of this covenant shall include a reasonably detailed presentation, either on the face of the financial statements, in the footnotes thereto or in a separate report delivered therewith, of the financial condition and results of operations of the Issuer and the Restricted Subsidiaries separate from the financial condition and results of operations of such Unrestricted Subsidiaries.

Following any election by the Issuer to change its accounting principles in accordance with the definition of GAAP set forth below under “—*Certain Definitions*,” the annual and quarterly information required by clauses (1) and (2) of the first paragraph of this covenant shall include any reconciliation presentation required by clause 2(a) of the definition of GAAP set forth below under “—*Certain Definitions*.”

To the extent any material differences exist between the business, assets, results of operations or financial condition of the Virgin Reporting Entity and the Issuer (excluding, for the avoidance of doubt, the effect of any intercompany balances between the Virgin Reporting Entity and the Issuer and its Subsidiaries), the annual and quarterly reports shall give a reasonably detailed description of such differences and include an unaudited reconciliation of the Issuer's financial statements to the financial statements of the Virgin Reporting Entity.

Notwithstanding the foregoing, the Issuer may satisfy its obligations under clauses (1) and (2) of the first paragraph of this covenant by delivering the corresponding consolidated annual and quarterly reports of the Issuer or any Parent of the Issuer, and, following such election, references in this covenant to the "Virgin Reporting Entity" shall be deemed to refer to the Issuer or any Parent of the Issuer (as the case may be).

In addition, so long as the Notes remain outstanding and during any period during which the Issuer is not subject to Section 13 or 15(d) of the Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b) of the Exchange Act, the Issuer shall furnish to the holders of the Notes and to prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

### ***Merger and Consolidation***

No Parent Guarantor will consolidate with, or merge with or into, or convey, transfer or lease all or substantially all of its assets to, any Person, unless:

- (1) the resulting, surviving or transferee Person (the "**Successor Company**") will be a corporation, partnership, trust or limited liability company organized and existing under the laws of any member of the state of the European Union that is a member of the European Union on the Issue Date, Bermuda, the Cayman Islands, or the United States of America, any State of the United States or the District of Columbia and the Successor Company (if not the Issuer or such Parent Guarantor) will expressly assume, by supplemental indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of such Parent Guarantor under the Notes and the Indenture and expressly assumes all obligations of such Parent Guarantor under the Intercreditor Deed pursuant to agreements reasonably satisfactory to the Trustee;
- (2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Company or any Subsidiary of the Successor Company as a result of such transaction as having been Incurred by the Successor Company or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;
- (3) either (a) immediately after giving effect to such transaction, the Issuer, if it is a surviving corporation, or the Successor Company and the Restricted Subsidiaries, would be able to Incur at least an additional £1.00 of Pari Passu Indebtedness pursuant to the first paragraph of the covenant described under "*—Limitation on Indebtedness*" or (b) the Consolidated Net Leverage Ratio of the Issuer, if it is a surviving corporation, or the Successor Company, would be no greater than that of the Issuer immediately prior to giving effect to such transaction; and
- (4) the Issuer shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer complies with the Indenture; *provided* that in giving such opinion, such counsel may rely on an Officer's Certificate as to compliance with clauses (2) and (3) above and as to any matters of fact.

The Issuer will not consolidate with, or merge with or into, or convey, transfer or lease all or substantially all its assets to, any Person, unless:

- (1) the Successor Company will be a corporation, partnership, trust or limited liability company organized and existing under the laws of any member of the state of the European Union that is a member of the European Union on the Issue Date, Bermuda, the Cayman Islands, or the United States of America, any State of the United States or the District of Columbia and the Successor Company (if not the Issuer) will expressly assume, by supplemental indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of the Issuer under the Notes and the Indenture and expressly assumes all obligations of the Issuer under the Intercreditor Deed pursuant to agreements reasonably satisfactory to the Trustee;
- (2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Company or any Subsidiary of the Successor Company as a result of such transaction as having been Incurred by the Successor Company or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;

- (3) either (a) immediately after giving effect to such transaction, the Issuer or such Successor Company would be able to Incur at least an additional £1.00 of Pari Passu Indebtedness pursuant to the first paragraph of the covenant described under “—*Limitation on Indebtedness*” or (b) the Consolidated Net Leverage Ratio of the Issuer and the Restricted Subsidiaries (including such Successor Company) or such Successor Company would be no greater than that of the Issuer immediately prior to giving effect to such transaction; and
- (4) the Issuer shall have delivered to the Trustee an Officer’s Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer complies with the Indenture; *provided* that in giving such opinion, such counsel may rely on an Officer’s Certificate as to compliance with clauses (2) and (3) above and as to any matters of fact.

A Subsidiary Guarantor will not consolidate with, or merge with or into, or convey, transfer or lease all or substantially all its assets to, any Person, other than the Issuer or another Subsidiary Guarantor (other than in connection with a transaction that does not constitute an Asset Disposition or a transaction that is permitted under “—*Limitation on Sales of Assets and Subsidiary Stock*”), unless:

- (1) immediately after giving effect to that transaction, no Default or Event of Default shall have occurred and be continuing; and
- (2) either:
  - (a) the Successor Company assumes all the obligations of that Guarantor under its Note Guarantee, the Indenture and the Intercreditor Deed to which such Guarantor is a party pursuant to agreements reasonably satisfactory to the Trustee; or
  - (b) the Net Cash Proceeds of such sale or other disposition are applied in accordance with the applicable provisions of the Indenture.

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Issuer or a Guarantor which properties and assets, if held by the Issuer or such Guarantor, as applicable, instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Issuer or such Guarantor, as applicable, on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Issuer or such Guarantor, as applicable.

The Successor Company will succeed to, and be substituted for, and may exercise every right and power of, the relevant Guarantor or the relevant Issuer, as the case may be, under the Indenture, and upon such substitution, the predecessor to such Guarantor or the Issuer, as the case may be, will be released from its obligations under the Indenture and the Notes, but, in the case of a lease of all or substantially all its assets, the predecessor to such Guarantor or the Issuer will not be released from the obligation to pay the principal of and interest on the Notes.

Although there is a limited body of case law interpreting the phrase “substantially all”, there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve “all or substantially all” of the property or assets of a Person.

The provisions set forth in this “*Merger and Consolidation*” covenant shall not restrict (and shall not apply to): (a) any Restricted Subsidiary that is not a Subsidiary Guarantor from consolidating with, merging or liquidating into or transferring all or substantially all of its properties and assets to the Issuer, a Subsidiary Guarantor or any other Restricted Subsidiary that is not a Subsidiary Guarantor; (b) any Subsidiary Guarantor from merging or liquidating into or transferring all or part of its properties and assets to the Issuer or another Subsidiary Guarantor; (c) any consolidation or merger of the Issuer into any Guarantor, *provided* that, for the purposes of this clause (c), if the Issuer is not the surviving entity of such merger or consolidation, the relevant Guarantor will assume the obligations of the Issuer under the Notes, the Indenture and the Intercreditor Deed and clauses (1) and (4) under the second paragraph of this covenant shall apply to such transaction; (d) any Parent Guarantor from consolidating with, merging into or transferring all or part of its properties and assets to any other Parent Guarantor; and (e) the Issuer or any Guarantor consolidating into or merging or combining with an Affiliate incorporated or organized for the purpose of changing the legal domicile of such entity, reincorporating such entity in another jurisdiction, or changing the legal form of such entity, *provided* that, for the purposes of this clause (e), clauses (1), (2) and (4) under the first or second paragraphs of this covenant or clauses (1) or (2) under the third paragraph of this covenant, as the case may be, shall apply to any such transaction.



### ***Intercreditor Deed***

The Trustee will become party to the Intercreditor Deed by executing an accession and/or amendment thereto on or about the Issue Date, and each holder, by accepting such Note, will be deemed to have (1) authorized the Trustee to enter into the Intercreditor Deed, (2) agreed to be bound by all the terms and provisions of the Intercreditor Deed applicable to such holder and (3) irrevocably appointed the Trustee to act on its behalf and to perform the duties and exercise the rights, powers and discretions that are specifically given to it under the Intercreditor Deed.

At the direction of the Issuer and without the consent of the holders of the Notes, the Trustee will upon direction of the Issuer from time to time enter into one or more amendments to the Intercreditor Deed to: (a) cure any ambiguity, omission, defect or inconsistency therein; (b) add Guarantors or other parties (such as representatives of new issuances of Indebtedness) thereto; (c) secure the Notes (including Additional Notes) and any other Indebtedness permitted by the terms of the Indenture to be Incurred and secured by a Lien; (d) make any other change to the Intercreditor Deed to provide for additional Indebtedness (including with respect to the Intercreditor Deed, the addition of provisions relating to new Indebtedness ranking junior in right of payment to the Notes) or other obligations that are permitted by the terms of the Indenture to be Incurred and secured by a Lien on any collateral on a *pari passu* or junior basis with the Liens securing the Notes or the Note Guarantees, (e) add Restricted Subsidiaries to the Intercreditor Deed, (f) amend the Intercreditor Deed in accordance with the terms thereof or; (g) make any change necessary or desirable, in the good faith determination of the Board of Directors or senior management of the Issuer, in order to implement any transaction that is subject to the covenants described under the caption “—*Merger and Consolidation*”; (h) implement any transaction in connection with the renewal, extension, refinancing, replacement or increase of the Credit Facilities that is not prohibited by the Indenture; or (i) make any other change thereto that does not adversely affect the rights of the holders of the Notes in any material respect; *provided* that no such changes shall be permitted to the extent they affect the ranking of any Note or Note Guarantee or the release of any Note Guarantees in a manner than would adversely affect the rights of the holders of the Notes in any material respect except as otherwise permitted by the Indenture or the Intercreditor Deed immediately prior to such change. The Issuer will not otherwise direct the Trustee to enter into any amendment to the Intercreditor Deed without the consent of the holders of a majority in principal amount of the outstanding Notes outstanding, except as otherwise permitted below under “—*Amendments and Waivers*”, and the Issuer may only direct the Trustee to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or, in the opinion of the Trustee, adversely affect their respective rights, duties, liabilities or immunities under the Indenture or the Intercreditor Deed.

Each holder, by accepting such Note, will be deemed to have:

- (a) appointed and authorized the Trustee from time to time to give effect to such provisions; and
- (b) irrevocably appointed the Trustee to act on its behalf from time to time to enter into and comply with such provisions described above,

in each case, without the need for the consent of the holders.

The Indenture will also provide that in relation to the Intercreditor Deed the Trustee shall consent on behalf of the holders to the payment, repayment, purchase, repurchase, defeasance, acquisition, retirement or redemption of any obligations subordinated to the Notes thereby; *provided, however*, that such transaction would comply with the covenant described under “—*Limitation on Restricted Payments*.”

### ***Suspension of Covenants on Achievement of Investment Grade Status***

If, during any period after the Issue Date, the Notes have achieved and continue to maintain Investment Grade Status and no Event of Default has occurred and is continuing (such period hereinafter referred to as an “**Investment Grade Status Period**”), then the Issuer will notify the Trustee of this fact and beginning on such date, the covenants in the Indenture described under “—*Limitation on Indebtedness*,” “—*Limitation on Restricted Payments*,” “—*Limitation on Restrictions on Distributions from Restricted Subsidiaries*,” “—*Limitation on Sales of Assets and Subsidiary Stock*,” “—*Limitation on Affiliate Transactions*,” and under “—*Change of Control*,” the provisions of clause (3) of the first and the second paragraphs of the covenant described under “—*Merger and Consolidation*” and any related default provisions of the Indenture will be suspended and will not, during such Investment Grade Status Period, be applicable to the Issuer and the Restricted Subsidiaries. As a result, during any such Investment Grade Status Period, the Notes will lose a significant amount of the covenant protection initially provided under the Indenture. No action taken during an Investment Grade Status Period or prior to an Investment Grade Status Period in compliance with the covenants then applicable will require reversal or constitute a default under the Notes in the event that suspended covenants are subsequently

reinstated or suspended, as the case may be. An Investment Grade Status Period will terminate immediately upon the failure of the Notes to maintain Investment Grade Status (the “**Reinstatement Date**”). The Issuer will promptly notify the Trustee in writing of any failure of the Notes to maintain Investment Grade Status and the Reinstatement Date.

### Events of Default

Each of the following is an “**Event of Default**” under the Indenture:

- (1) default in any payment of interest or Additional Amounts on any Note when due, which has continued for 30 days;
- (2) default in the payment of principal of or premium, if any, on any Note when due at its Stated Maturity, upon optional redemption, upon required repurchase or otherwise;
- (3) failure by the Issuer or any Guarantor to comply for 60 days after notice specified in the Indenture with its other agreements contained in the Notes, the Indenture or the Intercreditor Deed; *provided, however,* that the Issuer or any Guarantor shall have 90 days after receipt of such notice to remedy, or receive a waiver for, any failure to comply with the obligations to file annual, quarterly and current reports in accordance with the covenant described under “—*Certain Covenants—Reports*” so long as the Issuer or any Guarantor are attempting to cure such failure as promptly as reasonably practicable;
- (4) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Issuer or any of the Restricted Subsidiaries (or the payment of which is guaranteed by the Issuer or any of the Restricted Subsidiaries), other than Indebtedness owed to the Issuer or a Restricted Subsidiary, whether such Indebtedness or guarantee now exists, or is created after the Issue Date, which default:
  - (a) is caused by a failure to pay principal of such Indebtedness at its Stated Maturity after giving effect to any applicable grace period provided in such Indebtedness (“**payment default**”); or
  - (b) results in the acceleration of such Indebtedness prior to its maturity (the “**cross acceleration provision**”);

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates £75.0 million or more;

- (5) certain events of bankruptcy, insolvency or reorganization of the Issuer or any other Guarantor or a Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements delivered to the holders of the Notes pursuant to the covenant described under “—*Certain Covenants—Reports*”), would constitute a Significant Subsidiary (the “**bankruptcy provisions**”) have been commenced;
- (6) failure by the Issuer, any other a Guarantor or any Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements delivered to the holders of the Notes pursuant to the covenant described under “—*Certain Covenants—Reports*”), would constitute a Significant Subsidiary, to pay final judgments aggregating in excess of £75.0 million (net of any amounts that a solvent insurance company has acknowledged liability for), which judgments are not paid, discharged or stayed for a period of 60 days (the “**judgment default provision**”); or
- (7) any Note Guarantee of a Significant Subsidiary ceases to be in full force and effect (except in accordance with the terms of the Indenture) or is declared invalid or unenforceable in a judicial proceeding and such Default continues for 30 days after the notice specified in the Indenture.

However, a default under clauses (3), (7) or (8) of the immediately preceding paragraph will not constitute an Event of Default until the Trustee or the holders of 25% in principal amount of the outstanding Notes notify the Issuer of the default and the Issuer does not cure such default within the time specified in clauses (3), (7) or (8) of the immediately preceding paragraph after receipt of such notice.

If an Event of Default (other than an Event of Default described in clause (5) above) occurs and is continuing, the Trustee by notice to the Issuer, or the holders of at least 25% in principal amount of the outstanding Notes by notice to the Issuer and the Trustee, may, and the Trustee at the request of such holders shall, declare the principal of, premium, if any, and accrued and unpaid interest, if any, and Additional Amounts, if any, on all the Notes to be due and payable. Upon such a declaration, such principal, premium and

accrued and unpaid interest and Additional Amounts, if any, will be due and payable immediately. In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (4) under “—*Events of Default*” has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (4) shall be remedied or cured by the Issuer or any of the Restricted Subsidiaries or waived by the holders of the relevant Indebtedness within 20 days after the declaration of acceleration with respect thereto and if (a) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (b) all existing Events of Default, except non-payment of principal, premium or interest and Additional Amounts, if any, on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived. If an Event of Default described in clause (5) above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest and Additional Amounts, if any, on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any holders. The holders of a majority in principal amount of the outstanding Notes may waive all past defaults (except with respect to non-payment of principal, premium, interest or Additional Amounts) and rescind any such acceleration with respect to the Notes and its consequences if (a) rescission would not conflict with any judgment or decree of a court of competent jurisdiction, (b) all existing Events of Default, other than the non-payment of the principal of, premium, if any, interest and Additional Amounts, if any, on the Notes that have become due solely by such declaration of acceleration, have been cured or waived; and (c) the Issuer has paid the Trustee its reasonable compensation and reimbursed the Trustee for its reasonable expenses, disbursements and advances.

Subject to the provisions of the Indenture relating to the duties of the Trustee, if an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the holders unless such holders have offered to the Trustee indemnity or security satisfactory to the Trustee against any loss, liability or expense. Except to enforce the right to receive payment of principal, premium, if any, interest or Additional Amounts, if any, when due, no holder may pursue any remedy with respect to the Indenture or the Notes unless:

- (1) such holder has previously given the Trustee written notice that an Event of Default is continuing;
- (2) holders of at least 50% in principal amount of the outstanding Notes have requested the Trustee to pursue the remedy;
- (3) such holders have offered the Trustee security or indemnity satisfactory to the Trustee against any loss, liability or expense;
- (4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security or indemnity; and
- (5) the holders of a majority in principal amount of the outstanding Notes have not given the Trustee a direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

Subject to certain restrictions, the holders of a majority in principal amount of the outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Indenture provides that in the event an Event of Default has occurred and is continuing, the Trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use under the circumstances in the conduct of its own affairs. The Trustee, however, may refuse to follow any direction that conflicts with law, the Indenture or the Intercreditor Deed or that the Trustee determines is unduly prejudicial to the rights of any other holder or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to security or indemnification satisfactory to it in its sole discretion against all losses and expenses caused by taking or not taking such action.

The Indenture provides that if a Default occurs and is continuing and is actually known to the Trustee, the Trustee must give notice of the Default within 90 days after it occurs. Except in the case of a Default in the payment of principal of, premium, if any, interest or Additional Amounts, if any, on any Note, the Trustee may withhold notice if and so long as a committee of trust officers of the Trustee in good faith determines that withholding notice is in the interests of the holders. In addition, the Issuer is required to deliver to the Trustee, within 120 days after the end of each fiscal year, a certificate indicating whether the signers thereof know of any Default that occurred during the previous year. The Issuer also is required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any events of which it is aware which would constitute certain Defaults, their status and what action the Issuer is taking or proposing to take in respect thereof.

### ***Amendments and Waivers***

Subject to certain exceptions, the Indenture, the Notes and the Intercreditor Deed may be amended or supplemented with the consent of the holders of a majority in principal amount of the Notes then outstanding (including without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes) and, subject to certain exceptions, any past default or compliance with any provisions of the Indenture, the Notes and the Intercreditor Deed may be waived with the consent of the holders of a majority in principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes) *provided, however* that if any amendment, waiver or other modification will only affect the Euro Notes or the Dollar Notes only the consent of the holders of at least a majority in principal amount of the then outstanding Euro Notes or Dollar Notes (and not the consent of at least a majority of all Notes then outstanding), as the case may be, shall be required. However, unless consented to by the holders of at least 90% of the aggregate principal amount of then outstanding Notes (*provided, however* that if any amendment, waiver or other modification will only affect the Euro Notes or the Dollar Notes only the consent of the holders of at least 90% of the aggregate principal amount of the then outstanding Euro Notes or Dollar Notes (and not the consent of at least 90% of the aggregate principal amount of all Notes then outstanding), as the case may be, shall be required), an amendment may not:

- (1) reduce the principal amount of Notes whose holders must consent to an amendment or waiver;
- (2) reduce the stated rate of or extend the stated time for payment of interest or Additional Amounts on any Note;
- (3) reduce the principal of or extend the Stated Maturity of any Note;
- (4) whether through an amendment or waiver of provisions in the covenants, definitions or otherwise (i) reduce the premium payable upon the redemption of any Note or change the time at which any Note may be redeemed as described above under “—*Optional Redemption*” (other than the notice provisions) or (ii) reduce the premium payable upon repurchase of any Note or change the time at which any Note is to be repurchased as described under “—*Certain Covenants—Change of Control*” or “—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*” at any time after the obligation to repurchase has arisen;
- (5) make any Note payable in money other than that stated in the Note (except to the extent the currency stated in the Notes has been succeeded or replaced pursuant to applicable law);
- (6) impair the right of any holder to receive payment of, premium, if any, principal of or interest or Additional Amounts, if any, on such holder’s Notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such holder’s Notes;
- (7) modify the Note Guarantees in any manner materially adverse to the holders of the Notes, except in accordance with the terms of the Indenture and the Intercreditor Deed; or
- (8) make any change in the amendment or waiver provisions described in this sentence.

In addition, without the consent of at least 75% in aggregate principal amount of Notes then outstanding (*provided, however* that if any amendment, waiver or other modification will only affect the Euro Notes or the Dollar Notes only the consent of the holders of at least 75% of the aggregate principal amount of the then outstanding Euro Notes or Dollar Notes (and not the consent of at least 75% of the aggregate principal amount of all Notes then outstanding), as the case may be, shall be required), no amendment or supplement may release or modify any Guarantor from any of its obligations under its Note Guarantee, except in accordance with the term of the Indenture.

Notwithstanding the foregoing, without the consent of any holder, the Issuer and the Trustee may amend the Indenture, the Notes or the Intercreditor Deed to:

- (1) cure any ambiguity, omission, defect or inconsistency;
- (2) provide for the assumption by a Successor Company of the obligations of the Issuer under the Indenture, the Notes and the Intercreditor Deed;
- (3) provide for uncertificated Notes in addition to or in place of certificated Notes;
- (4) add guarantees with respect to the Notes;
- (5) secure the Notes;
- (6) add to the covenants of the Issuer for the benefit of the holders or surrender any right or power conferred upon the Issuer;

- (7) make any change that does not adversely affect the rights of any holder in any material respect;
- (8) release the Note Guarantees as provided by the terms of the Indenture;
- (9) issue Additional Notes in accordance with the terms of the Indenture;
- (10) give effect to Permitted Liens;
- (11) evidence and provide for the acceptance and appointment under the Indenture of a successor Trustee pursuant to the requirements thereof;
- (12) to the extent necessary to grant a security interest for the benefit of any Person; *provided* that the granting of such security interest is permitted by the Indenture or the Intercreditor Deed;
- (13) make any amendment to the provisions of the Indenture relating to the transfer and legending of Notes as permitted by the Indenture, including, without limitation to facilitate the issuance and administration of the Notes; *provided, however*, that (i) compliance with the Indenture as so amended would not result in Notes being transferred in violation of the Securities Act or any applicable securities law and (ii) such amendment does not materially and adversely affect the rights of holders to transfer Notes; or
- (14) to conform the text of the Indenture, the Notes and the Intercreditor Deed to any provision of this “*Description of the Senior Notes*” to the extent that such provision in this “*Description of the Senior Notes*” was intended to be a verbatim recitation of the Indenture, the Notes or the Intercreditor Deed.

For purposes of determining whether the holders of the requisite principal amount of Notes have taken any action under the Indenture (other than with respect to a determination that only affects the Dollar Notes), the principal amount of Dollar Notes shall be deemed to be the Euro Equivalent of such principal amount of such Dollar Notes as of (a) if a record date has been set with respect to the taking of such action, such date or (b) if no such record date has been set, the date the taking of such action by the holders of such requisite principal amount is certified to the Trustee by the Issuer.

In formulating its opinion on such matters, the Trustee shall be entitled to require and rely on such evidence as it deems appropriate, including an Opinion of Counsel and an Officer’s Certificate.

The consent of the holders is not necessary under the Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment. A consent to any amendment or waiver under the Indenture by any holder given in connection with a tender of such holder’s Notes will not be rendered invalid by such tender. For so long as the Notes are listed on the Luxembourg Stock Exchange and the guidelines of such Stock Exchange so require, the Issuer will notify the Luxembourg Stock Exchange of any such amendment, supplement and waiver.

### ***Defeasance***

The Issuer at any time may terminate all of its obligations under the Notes and the Indenture (“**legal defeasance**”), except for certain obligations, including those respecting the defeasance trust and obligations to register the transfer or exchange of the Notes, to replace mutilated, destroyed, lost or stolen Notes and to maintain a registrar and paying agent in respect of the Notes.

The Issuer at any time may terminate its obligations under the covenants described under “—*Certain Covenants*” (other than clauses (1) and (2) under the second paragraph of “—*Certain Covenants—Merger and Consolidation*”) and the default provisions relating to such covenants under “—*Events of Default*” above, the operation of the cross- default upon a payment default, the cross acceleration provisions, the bankruptcy provisions with respect to Significant Subsidiaries, the judgment default provision, the guarantee failure provision and the collateral failure provision, in each case, described under “—*Events of Default*” above and the limitations contained in clauses (3) and (4) under the second paragraph of “—*Certain Covenants—Merger and Consolidation*” above (“**covenant defeasance**”).

The Issuer may exercise its legal defeasance option notwithstanding their prior exercise of their covenant defeasance option. If the Issuer exercises its legal defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect to the Notes. If the Issuer exercises its covenant defeasance option, payment of the Notes may not be accelerated because of an Event of Default specified in clauses (4), (5), (6), (7) (with respect only to Significant Subsidiaries), or (8) under “—*Events of Default*” above or because of the failure of the Issuer or any Parent Guarantor to comply with clauses (3) or (4) under the first and second paragraphs of “—*Certain Covenants—Merger and Consolidation*” above.

In order to exercise either defeasance option, the Issuer must irrevocably deposit in trust (the “**defeasance trust**”) with the Trustee (or an agent nominated by the Trustee for such purpose) euro, euro-denominated European Government Obligations or a combination thereof (in the case of the Euro Notes) and U.S. dollars, U.S. dollar-denominated U.S. Government Obligations or a combination thereof (in the case of the Dollar Notes) for the payment of principal, premium, if any, interest and Additional Amounts, if any, on the Notes to redemption or maturity, as the case may be, and must comply with certain other conditions, including, among other things, delivery to the Trustee of an Opinion of Counsel (subject to customary exceptions and exclusions) to the effect that holders of the Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred. In the case of legal defeasance only, such Opinion of Counsel must be based on a ruling of the U.S. Internal Revenue Service or other change in applicable U.S. federal income tax law.

### ***Satisfaction and Discharge***

The Indenture and the rights, duties and obligations of the Trustee and the holders under the Intercreditor Deed will be discharged and will cease to be of further effect as to all Notes issued thereunder, or as to the Euro Notes or Dollar Notes, as applicable, when:

- (1) either:
  - (a) all Notes (or all Euro Notes or Dollar Notes, as applicable) that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to the Issuer, have been delivered to a Paying Agent or Registrar for cancellation; or
  - (b) (i) all Notes (or all Euro Notes or Dollar Notes, as applicable) that have not been delivered to a Paying Agent or Registrar for cancellation (A) have become due and payable by reason of the mailing or delivery of a notice of redemption or otherwise or (B) will become due and payable within one year and (ii) the Issuer or a Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the holders, with respect to the Euro Notes, cash, Cash Equivalents, European Government Obligations or a combination thereof, in each case, denominated in euro and, with respect to the Dollar Notes, cash, Cash Equivalents, U.S. Government Obligations or a combination thereof, in each case, denominated in U.S. dollars, in amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not delivered to a Paying Agent or Registrar for cancellation for principal, premium and Additional Amounts (if any) and accrued interest to the date of maturity or redemption;
- (2) the Issuer or the Guarantor(s) has paid or caused to be paid all other amounts payable by it under the Indenture; and
- (3) the Issuer has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes (or the Euro Notes or Dollar Notes, as applicable) at maturity or on the redemption date, as the case may be.

In addition, the Issuer must deliver to the Trustee an Officer’s Certificate and an opinion of counsel, in each case, stating that all conditions precedent to satisfaction and discharge have been satisfied.

### ***Currency Indemnity***

The sole currency of account and payment for all sums payable by the Issuer under the Indenture with respect to the Euro Notes is euro and with respect to the Dollar Notes is U.S. dollars. Any amount received or recovered in a currency other than euro in respect to the Euro Notes or U.S. dollars in respect of the Dollar Notes (whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer, any Subsidiary or otherwise) by the holder in respect of any sum expressed to be due to it from the Issuer will constitute a discharge of the Issuer only to the extent of the euro or U.S. dollar amount, as the case may be, which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not possible to make that purchase on that date, on the first date on which it is possible to do so). If that euro amount or U.S. dollar amount, as the case may be, is less than the applicable euro amount or U.S. dollar amount, as the case may be, expressed to be due to the recipient under any Note, the Issuer will indemnify the recipient against any loss

sustained by it as a result. In any event the Issuer will indemnify the recipient against the cost of making any such purchase.

For the purposes of this indemnity, it will be sufficient for the holder to certify that it would have suffered a loss had an actual purchase of euros or U.S. dollars, as the case may be, been made with the amount so received in that other currency on the date of receipt or recovery (or, if a purchase of euro or U.S. dollars, as the case may be, on such date had not been practicable, on the first date on which it would have been practicable). These indemnities constitute a separate and independent obligation from the other obligations of the Issuer, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any holder and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any other judgment or order.

### ***Listing***

The Issuer has applied to list the Notes on the Official List of the Luxembourg Stock Exchange and will use all reasonable efforts to have the Notes admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange within a reasonable period after the Issue Date and will maintain such listing as long as the Notes are outstanding; *provided, however*, that if the Issuer can no longer maintain such listing or it becomes unduly burdensome to make or maintain such listing (for the avoidance of doubt, preparation of financial statements in accordance with IFRS or any accounting standard other than GAAP and any other standard pursuant to which the Issuer then prepares its financial statements shall be deemed unduly burdensome), the Issuer may cease to make or maintain such listing on the Luxembourg Stock Exchange *provided* that the Issuer will use its reasonable best efforts to obtain and maintain the listing of the Notes on another recognized listing exchange for high yield issuers (which may be a stock exchange that is not regulated by the European Union).

### ***No Personal Liability of Directors, Officers, Employees and Stockholders***

No director, officer, employee, incorporator, member or stockholder of the Issuer any of its parent companies or any of its Subsidiaries or Affiliates, as such, shall have any liability for any obligations of the Issuer under the Notes or the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver and release may not be effective to waive liabilities under the United States federal securities laws and it is the view of the SEC that such a waiver is against public policy.

### ***Consent to Jurisdiction and Service of Process***

The Indenture provides that the Issuer and each Guarantor irrevocably appoint Virgin Media as its agent for service of process in any suit, action or proceeding with respect to the Indenture and the Notes, as the case may be, brought in any federal or state court located in the Borough of Manhattan in the City of New York and that each of the parties submit to the jurisdiction thereof. If for any reason Virgin Media is unable to serve in such capacity, the Issuer and such Guarantor shall appoint another agent reasonably satisfactory to the Trustee.

### ***Concerning the Trustee and certain agents***

The Bank of New York Mellon, London Branch is the Trustee. The Bank of New York Mellon, London Branch was initially the Principal Paying Agent and transfer agent with respect to the Euro Notes and The Bank of New York Mellon was initially the Paying Agent in New York, Registrar and transfer agent with respect to the Dollar Notes. The Bank of New York Mellon (Luxembourg) S.A. is the Registrar with respect to the Euro Notes and listing agent with respect to the Notes.

### ***Governing Law***

The Indenture provides that it and the Notes are governed by, and construed in accordance with, the laws of the State of New York.

### ***Notices***

So long as any Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, any such notice to the holders of the relevant Notes shall also be published in a newspaper having a general circulation in Luxembourg or, to the extent and in the manner permitted by such rules, posted on the official website of the Luxembourg Stock Exchange and, in connection with any redemption, the Issuer

will notify the Luxembourg Stock Exchange of any change in the principal amount of Notes outstanding. In addition, for so long as any Notes are represented by Global Notes, all notices to holders will be delivered by or on behalf of the Issuer to DTC, Euroclear and Clearstream. Additionally, in the event the Notes are in the form of Definitive Registered Notes, notices will be sent, by first-class mail, with a copy to the Trustee, to each holder at such holder's address as it appears on the registration books of the Registrar. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Trustee may approve. If and so long as such Notes are listed on any other securities exchange, notices will also be given in accordance with any applicable requirements of such securities exchange. Notices given by publication will be deemed given on the first date on which publication is made and notices given by first-class mail, postage prepaid, will be deemed given five calendar days after mailing.

### ***Prescription***

Claims against the Issuer for the payment of principal or Additional Amounts, if any, on the Notes will be prescribed ten years after the applicable due date for payment thereof. Claims against the Issuer for the payment of interest on the Notes will be prescribed five years after the applicable due date for payment of interest.

### ***Certain Definitions***

"2006 Indenture" means the indenture dated as of July 25, 2006 between the Issuer, NTL Incorporated, NTL:Telewest LLC, NTL Holdings Inc., NTL (UK) Group, Inc., NTL Communications Limited, NTL Investment Holdings Limited, The Bank of New York, as trustee and paying agent and The Bank of New York (Luxembourg) S.A. as Luxembourg paying agent.

"Acquired Indebtedness" means Indebtedness (i) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary or (ii) assumed in connection with the acquisition of assets from such Person, in each case whether or not Incurred by such Person in connection with, or in anticipation or contemplation of, such Person becoming a Restricted Subsidiary or such acquisition. Acquired Indebtedness shall be deemed to have been Incurred, with respect to clause (i) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary and, with respect to clause (ii) of the preceding sentence, on the date of consummation of such acquisition of assets.

"Additional Assets" means:

- (1) any property or assets (other than Indebtedness and Capital Stock) to be used by the Issuer or a Restricted Subsidiary in a Related Business or are otherwise useful in a Related Business (it being understood that capital expenditure on property or assets already used in a Related Business or to replace any property or assets that are the subject of such Asset Disposition or any operating expenses Incurred in the day-to-day operations of a Related Business shall be deemed an Investment in Additional Assets);
- (2) the Capital Stock of a Person that is engaged in a Related Business and becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Issuer or a Restricted Subsidiary; or
- (3) Capital Stock constituting a minority interest in any Person that at such time is a Restricted Subsidiary.

"Affiliate" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Affiliate Subsidiaries" refers to (i) ntl Kirklees, a private unlimited company incorporated under the laws of England and Wales; and (ii) ntl Glasgow, a private unlimited company incorporated under the laws of Scotland.

"Applicable Premium" means, in the case of the Euro Notes, the Euro Applicable Premium and, in the case of the Dollar Notes, the Dollar Applicable Premium.

"Asset Disposition" means any direct or indirect sale, lease (other than an operating lease entered into in the ordinary course of business), transfer, issuance or other disposition, or a series of related sales, leases (other than an operating lease entered into in the ordinary course of business), transfers, issuances or dispositions that



are part of a common plan, of shares of Capital Stock of a Subsidiary (other than directors' qualifying shares), property or other assets (each referred to for the purposes of this definition as a "disposition") by the Issuer or any of the Restricted Subsidiaries, including any disposition by means of a merger, consolidation or similar transaction.

Notwithstanding the preceding, the following items shall not be deemed to be Asset Dispositions:

- (1) a disposition by a Restricted Subsidiary to the Issuer or by the Issuer or a Restricted Subsidiary (other than a Receivables Entity) to a Restricted Subsidiary;
- (2) the sale or disposition of cash or of Cash Equivalents or Investment Grade Securities in the ordinary course of business;
- (3) a disposition of inventory, consumer equipment, trading stock, communications capacity or other assets in the ordinary course of business;
- (4) a sale, lease, transfer or other disposition, or a series of related sales, leases, transfers, issuances or dispositions that are part of a common plan, of obsolete, surplus or worn out equipment or other equipment and assets that are no longer useful in the conduct of the business of the Issuer and the Restricted Subsidiaries;
- (5) transactions permitted under "*—Certain Covenants—Merger and Consolidation*" or a transaction that constitutes a Change of Control;
- (6) an issuance of Capital Stock by a Restricted Subsidiary to the Issuer or to another Restricted Subsidiary;
- (7) (a) for purposes of "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*" only, the making of a Permitted Investment or a disposition subject to "*—Certain Covenants—Limitation on Restricted Payments*", and (b) solely for the purpose of clause (3) of the first paragraph under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*," a disposition, the proceeds of which are used to make Restricted Payments permitted to be made under the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*" or Permitted Investments;
- (8) dispositions of assets in a single transaction or series of related transactions with an aggregate fair market value in any calendar year of less than the greater of £10.0 million and 1.0% of Total Assets (with unused amounts in any calendar year being carried over to the next succeeding year subject to a maximum of the greater of £10.0 million and 1.0% of Total Assets of carried over amounts for any calendar year);
- (9) dispositions in connection with Permitted Liens;
- (10) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;
- (11) the licensing or sublicensing of intellectual property or other general intangibles and licenses, sublicenses, leases or subleases of other property;
- (12) foreclosure, condemnation or similar action with respect to any property or other assets;
- (13) the sale or discount (with or without recourse, and on customary or commercially reasonable terms) of accounts receivable or notes receivable arising in the ordinary course of business, or the conversion or exchange of accounts receivable for notes receivable;
- (14) sales of accounts receivable and related assets or an interest therein of the type specified in the definition of "Qualified Receivables Transaction" to a Receivables Entity;
- (15) any disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;
- (16) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Issuer or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;
- (17) any surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;

- (18) (a) disposals of assets, rights or revenue not constituting part of the Distribution Business of the Issuer and the Restricted Subsidiaries, and (b) other disposals of non-core assets acquired in connection with any acquisition permitted under the Indenture;
- (19) disposals of assets or Capital Stock which the Issuer or any Restricted Subsidiary is required by a regulatory authority or court of competent jurisdiction to dispose of;
- (20) disposals of other interests in other entities in an amount not to exceed £10.0 million;
- (21) any disposition of real property, *provided* that the fair market value of the real property disposed of in any calendar year does not exceed the greater of £50.0 million and 1.0% of Total Assets;
- (22) any disposition of assets to a Person who is providing services related to such assets, the provision of which have been or are to be outsourced by the Issuer or any Restricted Subsidiary to such Person; and
- (23) any other disposal of assets comprising in aggregate percentage value of 10% or less of Total Assets.

In the event that a transaction (or any portion thereof) meets the criteria of a disposition permitted under clauses (1) through (23) above and would also be a Restricted Payment permitted to be made under the covenant described under “—*Certain Covenants—Limitation on Restricted Payments*” or a Permitted Investment, the Issuer, in its sole discretion, will be entitled to divide and classify such transaction (or a portion thereof) as a disposition permitted under clauses (1) through (22) above and/or one or more of the types of Restricted Payments permitted to be made under the covenant described under “—*Certain Covenants—Limitation on Restricted Payments*” or Permitted Investments.

“Board of Directors” means, as to any Person, the board of directors of such Person or any duly authorized committee thereof; *provided*, any action required to be taken under the Indenture by the Board of Directors of the Issuer can, in the alternative, at the option of the Issuer, be taken by the Board of Directors of the Ultimate Parent.

“Bund Rate” means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity as of such date of the Comparable German Bund Issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price for such redemption date, where:

- (1) “Comparable German Bund Issue” means the *German Bundesanleihe* security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such redemption date to January 15, 2020 and that would be utilized at the time of selection and in accordance with customary financial practice, in pricing new issues of euro-denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the Notes and of a maturity most nearly equal to January 15, 2020; *provided, however*, that, if the period from such redemption date to January 15, 2020 is not equal to the fixed maturity of the *German Bundesanleihe* security selected by such Reference German Bund Dealer, the Bund Rate shall be determined by linear interpolation (calculated to the nearest one-twelfth of a year) from the yields of *German Bundesanleihe* securities for which such yields are given, except that if the period from such redemption date to January 15, 2020, is less than one year, a fixed maturity of one year shall be used;
- (2) “Comparable German Bund Price” means, with respect to any redemption date, the average of all Reference German Bund Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference German Bund Dealer Quotations, or if the Company obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations;
- (3) “Reference German Bund Dealer” means any dealer of *German Bundesanleihe* securities appointed by the Company in good faith; and
- (4) “Reference German Bund Dealer Quotations” means, with respect to each Reference German Bund Dealer and any redemption date, the average as determined by the Company in good faith of the bid and offered prices for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Company by such Reference German Bund Dealer at 3.30 p.m. Frankfurt am Main, Germany, time on a day no earlier than the third Business Day preceding the date of the delivery of the redemption notice in respect of such redemption date.

“Business Day” means each day that is not a Saturday, Sunday or other day on which banking institutions in Amsterdam, The Netherlands, New York, New York or London, England are authorized or required by law to close.

“Business Division Transaction” means any creation or participation in any joint venture with respect to any assets, undertakings and/or businesses of the Issuer and the Restricted Subsidiaries which comprise all or part of the Virgin Media Business division (or its predecessor or successors), to or with any other entity or person whether or not the Issuer or any of the Restricted Subsidiaries, excluding the contribution to (but not the use by) any joint venture of the backbone assets utilized by the Issuer and the Restricted Subsidiaries and excluding any Subsidiary included in or owned by the Virgin Media Business division but not engaged in the business of that division.

“Capital Stock” of any Person means any and all shares, interests, rights to purchase, warrants, options, participation or other equivalents of interests in (however designated) equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

“Capitalized Lease Obligation” means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes in accordance with GAAP. The amount of Indebtedness represented by such obligation will be the capitalized amount of such obligation at the time any determination thereof is to be made as determined in accordance with GAAP, and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty, *provided* that, upon a change in generally accepted accounting principles eliminating the difference in treatment of operating leases and capital leases, “capital lease” shall be deemed to be a leasing arrangement where the net present value of the payments (using an interest rate determined with reference to yield to maturity in the trading markets for the issue at the date of the lease) of the Issuer’s unsecured senior notes with the longest maturity date at the date of the lease exceeds 90% of the fair value of the asset.

“Cash Equivalents” means:

- (1) securities issued or directly and fully guaranteed or insured by the United States Government or a member state of the European Union as of January 1, 2004 (each a “Qualified Country”) or any agency or instrumentality thereof (*provided* that the full faith and credit of such Qualified Country is pledged in support thereof), having maturities of not more than one year from the date of acquisition;
- (2) marketable general obligations issued by any political subdivision of any Qualified Country or any public instrumentality thereof maturing within one year from the date of acquisition of the United States (*provided* that the full faith and credit of the Qualified Country is pledged in support thereof) and, at the time of acquisition, having a credit rating of “A2” or better from either Standard & Poor’s Ratings Services or Moody’s Investors Service, Inc.;
- (3) certificates of deposit, time deposits, eurodollar time deposits, bank deposits or bankers’ acceptances having maturities of not more than one year from the date of acquisition thereof issued by any lender party to any Credit Facility or by any bank or trust company (x) the long-term debt of which is rated at the time of acquisition thereof at least “A-” or the equivalent thereof by Standard & Poor’s Ratings Services, or “A-” or the equivalent thereof by Moody’s Investors Service, Inc. (or if at the time neither is issuing comparable ratings, then a comparable rating of another nationally recognized rating agency);
- (4) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (1), (2) and (3) entered into with any bank meeting the qualifications specified in clause (3) above;
- (5) commercial paper rated at the time of acquisition thereof at least “A-2” or the equivalent thereof by Standard & Poor’s Ratings Services or “P-2” or the equivalent thereof by Moody’s Investors Service, Inc., or carrying an equivalent rating by an internationally recognized rating agency, if both of the two named rating agencies cease publishing ratings of investments, and in any case maturing within one year after the date of acquisition thereof; and
- (6) interests in any investment company or money market fund which invests 95% or more of its assets in instruments of the type specified in clauses (1) through (5) above.

“Change of Control” means:

- (1) Virgin Media Communications (a) ceases to be the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Issuer and (b) ceases, by virtue of any powers conferred by the articles of association or other documents regulating the Issuer to, directly or indirectly, direct or cause the direction of management and policies of the Issuer;
- (2) the sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation) in one or a series of related transactions, of all or substantially all of the assets of the Issuer and the Restricted Subsidiaries taken as a whole to any “person” (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) other than a Permitted Holder; or
- (3) the adoption by the stockholders of the Issuer of a plan or proposal for the liquidation or dissolution of the Issuer, other than a transaction complying with the covenant described under “—*Certain Covenants—Merger and Consolidation*”;

*provided* that a Change of Control shall not be deemed to have occurred pursuant to clause (1) of this definition upon the consummation of the Post-Closing Reorganization or a Spin-Off. Notwithstanding the foregoing, upon consummation of the Post-Closing Reorganization or a Spin-Off, “Virgin Media Communications” in clause (1) will be replaced with New Immediate Holdco, in respect of the Post-Closing Reorganization, and the Spin Parent, in respect of a Spin-Off.

“Commodity Agreement” means, in respect of a Person, any commodity purchase contract, commodity futures or forward contract, commodities option contract or other similar contract (including commodities derivative agreements or arrangements), to which such Person is a party or a beneficiary.

“Common Stock” means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or nonvoting) of such Person’s common stock whether or not outstanding on the Issue Date, and includes, without limitation, all series and classes of such common stock.

“Consolidated EBITDA” means, for any period, without duplication, the Consolidated Net Income for such period, plus the following to the extent deducted in calculating such Consolidated Net Income:

- (1) Consolidated Interest Expense;
- (2) Consolidated Income Taxes;
- (3) consolidated depreciation expense;
- (4) consolidated amortization expense;
- (5) any reasonable expenses, charges or other costs related to any Equity Offering, Permitted Investment, acquisition, disposition, recapitalization or the Incurrence of any Indebtedness permitted by the Indenture, in each case, as determined in good faith by an Officer of the Issuer;
- (6) the amount of Management Fees and other fees and related expenses paid in such period to the Permitted Holders to the extent permitted by the covenant described under “—*Certain Covenants—Limitation on Affiliate Transactions*”;
- (7) at the Issuer’s option, other non-cash charges reducing Consolidated Net Income (*provided* that if any such non-cash charge represents an accrual or reserve for potential cash charges in any future period, the cash payment in respect thereof in such future period shall reduce Consolidated Net Income to such extent, and excluding amortization of a prepaid cash item that was paid in a prior period) less other non-cash items of income increasing Consolidated Net Income (excluding any such non-cash item of income to the extent it represents (a) a receipt of cash payments in any future period, (b) the reversal of an accrual or reserve for a potential cash item that reduced Consolidated Net Income in any prior period and (c) any non-cash gains with respect to cash actually received in a prior period so long as such cash did not increase Consolidated Net Income in such prior period);
- (8) the amount of loss on sale of assets in connection with a Qualified Receivables Transaction;
- (9) Specified Legal Expenses;
- (10) any net earnings or losses attributable to non-controlling interests;
- (11) share of income or loss on equity Investments;
- (12) any realized and unrealized gains or losses due to changes in fair value of equity Investments;

- (13) at the Issuer's option, an amount equal to 100% of the up-front installation fees associated with commercial contract installations completed during the applicable reporting period, less any portion of such fees included in Consolidated Net Income for such period, *provided* that the amount of such fees, to the extent amortized over the life of the underlying service contract, shall not be included in Consolidated Net Income in any future period; and
- (14) at the Issuer's option, any fees or other amounts charged or credited to the Issuer and the Restricted Subsidiaries related to Intra-Group Services may be excluded from the calculation of Consolidated EBITDA to the extent such fees or other amounts (a) are not included in the Issuer's externally reported operating cash flow or equivalent measure (as defined by the Issuer in its earnings releases and other publicly disseminated information) or (b) are deemed to be exceptional or unusual items.

“Consolidated Income Taxes” means taxes based on income, profits or capital of any of the Issuer and the Restricted Subsidiaries whether or not paid, estimated, accrued or required to be remitted to any governmental authority taken into account in calculating Consolidated Net Income.

“Consolidated Interest Expense” means, for any period the consolidated net interest income/expense of the Issuer and the Restricted Subsidiaries (in each case, determined on the basis of GAAP), whether paid or accrued, including any such interest and charges consisting of:

- (1) interest expense attributable to Capitalized Lease Obligations;
- (2) amortization of debt discount and debt issuance cost;
- (3) non-cash interest expense;
- (4) commissions, discounts and other fees and charges owed with respect to financings not included in clause (2) above;
- (5) costs associated with Hedging Obligations;
- (6) dividends on other distributions in respect of all Disqualified Stock of the Issuer and all Preferred Stock of any Restricted Subsidiary, to the extent held by Persons other than the Issuer or a Subsidiary of the Issuer;
- (7) the consolidated interest expense that was capitalized during such period; and
- (8) interest actually paid by the Issuer or any Restricted Subsidiary, under any Guarantee of Indebtedness or other obligation of any other Person.

“Consolidated Net Income” means, for any period, net income (loss) of the Issuer and the Restricted Subsidiaries determined on a consolidated basis on the basis of GAAP; *provided, however*, that there will not be included in such Consolidated Net Income:

- (1) subject to the limitations contained in clause (3) below, any net income (loss) of any Person (other than the Issuer) if such Person is not a Restricted Subsidiary, except that (a) the Issuer's equity in the net income of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed by such Person during such period to the Issuer or a Restricted Subsidiary as a dividend or other distribution or return on investment (subject, in the case of a dividend or other distribution or return on investment to a Restricted Subsidiary, to the limitations contained in clause (2) below); and (b) the Issuer's equity in a net loss of any such Person (other than an Unrestricted Subsidiary) for such period will be included in determining such Consolidated Net Income to the extent such loss has been funded with cash from the Issuer or a Restricted Subsidiary;
- (2) solely for the purpose of determining the amount available for Restricted Payments under clause (4)(c)(i) of the first paragraph of the covenant described under the caption “—*Limitation on Restricted Payments*”, any net income (loss) of any Restricted Subsidiary if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Issuer by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Notes or the Indenture, (c) restrictions in effect on the Issue Date with respect to a Restricted Subsidiary (including pursuant to the Notes, the Senior Credit Facility, the Existing Senior Secured Notes, the Senior Secured Notes, the Intercreditor Deed or the Existing Senior Notes) and other restrictions with respect to any Restricted Subsidiary that, taken as a whole, are not materially less favorable to the holders than restrictions in effect on the Issue Date and

- (d) restrictions as in effect on the Issue Date specified in clause (8), or restrictions specified in clause (10), of the second paragraph of the covenant described under “—*Certain Covenants—Limitation on Restrictions on Distributions from Restricted Subsidiaries*”), except that the Issuer’s equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the Issuer or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary, to the limitation contained in this clause);
- (3) any net gain (or loss) realized upon the sale, held for sale or other disposition of any asset or disposed operations of the Issuer or any Restricted Subsidiary which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by the Board of Directors or senior management of the Issuer);
  - (4) any extraordinary, one-off, non-recurring, exceptional or unusual gain, loss, expense or charge, including any charges or reserves in respect of any restructuring, redundancy, relocation, refinancing, integration or severance or other post-employment arrangements, signing, retention or completion bonuses, transaction costs, acquisition costs, disposition costs, business optimization, information technology implementation or development costs, costs related to governmental investigations and curtailments or modifications to pension or postretirement benefits schemes, litigation or any asset impairment charges or the financial impacts of natural disasters (including fire, flood and storm and related events);
  - (5) the cumulative effect of a change in accounting principles and changes as a result of the adoption or modification of accounting policies;
  - (6) any stock-based compensation expense;
  - (7) all deferred financing costs written off and premiums paid in connection with any early extinguishment of Indebtedness and any net gain (loss), including financing costs that are expensed as incurred, from any extinguishment, modification, exchange or forgiveness of Indebtedness;
  - (8) any unrealized gains or losses in respect of Hedging Obligations;
  - (9) any goodwill, other intangible or tangible asset impairment charge or write-off;
  - (10) the impact of capitalized interest on Subordinated Shareholder Loans;
  - (11) any derivative instruments gains or losses, foreign exchange gains or losses, and gains or losses associated with fair value adjustment on financial instruments;
  - (12) at the Issuer’s option, effects of adjustments (including the effects of such adjustments pushed down to such Person and its Restricted Subsidiaries) pursuant to GAAP (including inventory, property, equipment, software, goodwill, intangible assets, in process research and development, deferred revenue and debt line items) attributable to the application of recapitalization accounting or purchase accounting, as the case may be, in relation to any consummated acquisition or joint venture investment or the amortization or write-off or write-down of amounts thereof, net of taxes;
  - (13) accruals and reserves that are established or adjusted within twelve months after the closing date of any acquisition that are so required to be established or adjusted as a result of such acquisition in accordance with GAAP; and
  - (14) any expenses, charges or losses to the extent covered by insurance or indemnity and actually reimbursed, or, so long as the Issuer or a Restricted Subsidiary has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer or indemnifying party and only to the extent that such amount is in fact reimbursed within 365 days of the date of the insurable or indemnifiable event (net of any amount so added back in any prior period to the extent not so reimbursed within the applicable 365-day period).

In addition, to the extent not already included in the Consolidated Net Income, notwithstanding anything to the contrary in the foregoing, Consolidated Net Income shall include the amount of proceeds received from business interruption insurance and reimbursements of any expenses and charges that are covered by indemnification or other reimbursement provisions in connection with any acquisition or Investment, or any sale, conveyance, transfer or other disposition of assets permitted under the Indenture.

“Consolidated Net Leverage Ratio,” as of any date of determination, means the ratio of:

- (1) (a) the outstanding Indebtedness (other than (i) any Indebtedness up to a maximum amount equal to the Revolving Facility Excluded Amount at the relevant time Incurred under any Permitted Revolving Credit Facility, (ii) Subordinated Shareholder Loans, (iii) any Indebtedness incurred pursuant to clause (18) of the second paragraph of the covenant under the caption “—*Certain Covenants—Limitation on Indebtedness*”, (iv) any Indebtedness which is a contingent obligation of the Issuer or a Restricted Subsidiary and (v) for the purpose of calculating the Consolidated Net Leverage Ratio for purposes of clause 1(a) of the first paragraph of the covenant under the caption “—*Certain Covenants—Limitation on Indebtedness*,” outstanding Indebtedness of the Issuer) of the Issuer and the Restricted Subsidiaries on a Consolidated basis less (b) the aggregate amount of cash and Cash Equivalents of the Issuer and the Restricted Subsidiaries on a Consolidated basis, to
- (2) the Pro forma EBITDA for the period of the most recent two consecutive fiscal quarters for which financial statements have previously been furnished to holders of the Notes pursuant to the covenant described under “—*Certain Covenants—Reports*,” multiplied by 2.0,

*provided, however,* that the pro forma calculation of the Consolidated Net Leverage Ratio shall not give effect to (a) any Indebtedness Incurred on the date of determination pursuant to the provisions described in the second paragraph under the caption “—*Certain Covenants—Limitation on Indebtedness*” or (b) the discharge on the date of determination of any Indebtedness to the extent that such discharge results from the proceeds Incurred pursuant to the provisions described in the second paragraph under the caption “—*Certain Covenants—Limitation on Indebtedness*”.

For the avoidance of doubt, in determining Consolidated Net Leverage Ratio, no cash or Cash Equivalents shall be included that are the proceeds of Indebtedness in respect of which the calculation of the Consolidated Net Leverage Ratio is to be made.

“Consolidation” means the consolidation or combination of the accounts of each of the Restricted Subsidiaries (excluding Affiliate Subsidiaries) with those of the Issuer in accordance with GAAP consistently applied and together with the accounts of the Affiliate Subsidiaries on a combined basis (including eliminations of intercompany transactions and balances, as appropriate); *provided, however,* that “Consolidation” will not include consolidation of the accounts of any Unrestricted Subsidiary, but the interest of the Issuer or any Restricted Subsidiary in an Unrestricted Subsidiary will be accounted for as an investment. The term “Consolidated” has a correlative meaning.

“Content” means any rights to broadcast, transmit, distribute or otherwise make available for viewing, exhibition or reception (whether in analogue or digital format and whether as a channel or an internet service, a teletext-type service, an interactive service, or an enhanced television service or any part of any of the foregoing, or on a pay-per-view basis, or near video-on-demand, or video-on-demand basis or otherwise) any one or more of audio and/or visual images, audio content, or interactive content (including hyperlinks, repurposed web-site content, database content plus associated templates, formatting information and other data including any interactive applications or functionality), text, data, graphics, or other content, by means of any means of distribution, transmission or delivery system or technology (whether now known or herein after invented).

“Convertible Senior Notes” means the \$1,000,000,000 of 6.50% Convertible Senior Notes due 2016 issued pursuant to an indenture dated as of April 16, 2008 between Virgin Media and The Bank of New York Mellon, acting through its London Branch, as trustee, as amended or supplemented from time to time or any refinancing or replacement thereof (including successive refinancings).

“Credit Facility” means, one or more debt facilities or arrangements (including, without limitation, the Senior Credit Facility or any Permitted Revolving Credit Facility) or commercial paper facilities with banks or other institutions or investors providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), letters of credit or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks or institutions or investors and whether provided under the Senior Credit Facility, a Permitted Revolving Credit Facility, or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including but not limited to any notes and letters of credit issued pursuant thereto and any guarantee and collateral

agreement, patent and trademark security agreement, mortgages or letter of credit applications and other guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term “Credit Facility” shall include any agreement or instrument (i) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (ii) adding Subsidiaries of the Issuer as additional borrowers or guarantors thereunder, (iii) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (iv) otherwise altering the terms and conditions thereof.

“Currency Agreement” means, in respect of a Person, any foreign exchange contract, currency swap agreement, futures contract, option contract, derivative or other similar agreement as to which such Person is a party or a beneficiary.

“Default” means any event which is, or after notice or passage of time or both would be, an Event of Default; *provided* that any Default that results solely from the taking of an action that would have been permitted but for the continuation of a previous Default will be deemed to be cured if such previous Default is cured prior to becoming an Event of Default.

“Designated Non-Cash Consideration” means the fair market value (as determined in good faith by the Board of Directors or senior management of the Issuer) of non-cash consideration received by the Issuer or one of the Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Non-Cash Consideration pursuant to an Officer’s Certificate, setting forth the basis of such valuation, less the amount of cash or Cash Equivalents received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with the covenant described under “—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock.*”

“Designated Senior Indebtedness” means any Senior Indebtedness of any Subsidiary Guarantor which at the time of determination exceeds £75 million in aggregate principal amount (or accreted value in the case of Indebtedness issued at a discount) outstanding or available under a committed facility, which is specifically designated in the instrument evidencing such Senior Indebtedness as “Designated Senior Indebtedness” by such Person and as to which the Trustee has been given written notice of such designation.

“Disqualified Stock” means, with respect to any Person, any Capital Stock of such Person which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or upon the happening of any event:

- (1) matures or is mandatorily redeemable pursuant to a sinking fund obligation or otherwise;
- (2) is convertible or exchangeable for Indebtedness or Disqualified Stock (excluding Capital Stock which is convertible or exchangeable solely at the option of the Issuer or a Restricted Subsidiary); or
- (3) is redeemable at the option of the holder of the Capital Stock in whole or in part, in each case on or prior to the earlier of the date (a) of the Stated Maturity of the Notes or (b) on which there are no Notes outstanding, *provided* that only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock; *provided*, further that any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require the Issuer to repurchase such Capital Stock upon the occurrence of a change of control or asset sale (each defined in a substantially identical manner to the corresponding definitions in the Indenture) shall not constitute Disqualified Stock if the terms of such Capital Stock (and all such securities into which it is convertible or for which it is ratable or exchangeable), provide that the Issuer may not repurchase or redeem any such Capital Stock (and all such securities into which it is convertible or for which it is ratable or exchangeable) pursuant to such provision prior to compliance by the Issuer with the provisions of the Indenture described under the captions “—*Certain Covenants—Change of Control*” and “—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*” and such repurchase or redemption complies with “—*Certain Covenants—Limitation on Restricted Payments*”.

“Distribution Business” means: (1) the business of upgrading, constructing, creating, developing, acquiring, operating, owning, leasing and maintaining cable television networks (including for avoidance of doubt master antenna television, satellite master antenna television, single and multi-channel microwave single or multi-point distribution systems and direct-to-home satellite systems) for the transmission, reception and/or



delivery of multi-channel television and radio programming, telephony and internet and/or data services to the residential markets; or (2) any business which is incidental to or related to and, in either case, material to such business.

“Dollar Applicable Premium” means with respect to a Dollar Note at any redemption date prior to January 15, 2020, the excess of (1) the present value at such redemption date of (a) the redemption price of such Dollar Note on January 15, 2020 (such redemption price being described under “*Optional Redemption—Optional Redemption on or after January 15, 2020*” exclusive of any accrued and unpaid interest) plus (b) all required remaining scheduled interest payments due on such Dollar Note through January 15, 2020 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the Treasury Rate plus 50 basis points over (2) the principal amount of such Dollar Note on such redemption date.

“Equity Offering” means a sale of (1) Capital Stock of the Issuer (other than Disqualified Stock), (2) Capital Stock the proceeds of which are contributed as equity share capital to the Issuer or as Subordinated Shareholder Loans or (3) Subordinated Shareholder Loans.

“Escrowed Proceeds” means the proceeds from the offering of any debt securities or other Indebtedness paid into escrow accounts with an independent escrow agent on the date of the applicable offering or incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow accounts upon satisfaction of certain conditions or the occurrence of certain events. The term “*Escrowed Proceeds*” shall include any interest earned on the amounts held in escrow.

“Euro Applicable Premium” means with respect to a Euro Note at any redemption date prior to January 15, 2020, the excess of (1) the present value at such redemption date of (a) the redemption price of such Euro Note on January 15, 2020 (such redemption price being described under “*—Optional Redemption—Optional Redemption on or after January 15, 2020*” exclusive of any accrued and unpaid interest) plus (b) all required remaining scheduled interest payments due on such Euro Note through January 15, 2020 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the Bund Rate plus 50 basis points over (2) the principal amount of such Euro Note on such redemption date.

“Euro Equivalent” means, with respect to any monetary amount in a currency other than euro, at any time of determination thereof by the Company, the amount of euro obtained by converting such currency other than euro involved in such computation into euro at the spot rate for the purchase of euro with the applicable currency other than euro as published in The Financial Times in the “Currency Rates” section (or, if The Financial Times is no longer published, or if such information is no longer available in The Financial Times, such source as may be selected in good faith by the Board of Directors or senior management of the Company) on the date of such determination.

“European Union” means the European Union, including member states as of May 1, 2004 but excluding any country which became or becomes a member of the European Union after May 1, 2004.

“European Government Obligations” means any security that is (1) a direct obligation of Ireland, Belgium, the Netherlands, France, The Federal Republic of Germany or any other country that is a member of the European Monetary Union on the Issue Date, for the payment of which the full faith and credit of such country is pledged or (2) an obligation of a person controlled or supervised by and acting as an agency or instrumentality of any such country the payment of which is unconditionally guaranteed as a full faith and credit obligation by such country, which, in either case under the preceding clause (1) or (2), is not callable or redeemable at the option of the issuer thereof.

“Exchange Act” means the United States Securities Exchange Act of 1934, as amended.

“Excluded Contribution” means Net Cash Proceeds or property or assets received by the Issuer as capital contributions or Subordinated Shareholder Loans to the Issuer after February 22, 2013 or from the issuance or sale (other than to a Restricted Subsidiary) of Capital Stock (other than Disqualified Stock) of the Issuer, in each case to the extent designated as an Excluded Contribution pursuant to an Officer’s Certificate of the Issuer.

“Existing Senior Notes” means the (i) \$500 million of 6% Senior Notes due 2024, (ii) £300 million of 6.375% Senior Notes due 2024, (iii) the \$530 million of 6.875% Senior Notes due 2023, (iv) the £250 million of 7% Senior Notes due 2023, (v) the \$500 million of 5.25% Senior Notes due 2022, (vi) the \$900 million of 4.875% Senior Notes due 2022 and (vii) the £400 million of 5.125% Senior Notes due 2022, issued by the Issuer pursuant to the relevant Existing Senior Notes Indenture.

“Existing Senior Notes Indentures” means collectively (i) the indenture dated as of June 3, 2009, among the Issuer, Virgin Media, Virgin Media Group LLC, Virgin Media (UK) Group LLC (formerly Virgin Media (UK) Group, Inc.), Virgin Media Communications, VMIH, VMIL, The Bank of New York Mellon, acting through its London Branch, as trustee and paying agent and The Bank of New York Mellon (Luxembourg) S.A. as Luxembourg paying agent, as amended or supplemented from time to time, (ii) the indenture dated as of March 13, 2012, among the Issuer, Virgin Media, Virgin Media Group LLC, Virgin Media (UK) Group LLC (formerly Virgin Media (UK) Group, Inc.), Virgin Media Communications Limited, VMIH, VMIL, The Bank of New York Mellon, acting through its London Branch, as trustee and paying agent and The Bank of New York Mellon (Luxembourg) S.A. as Luxembourg paying agent, as amended or supplemented from time to time, (iii) the indenture dated as of October 30, 2012, among the Issuer, Virgin Media, Virgin Media Group LLC, Virgin Media (UK) Group LLC (formerly Virgin Media (UK) Group, Inc.), Virgin Media Communications, VMIH, VMIL, The Bank of New York Mellon, acting through its London Branch, as trustee and paying agent and The Bank of New York Mellon (Luxembourg) S.A. as Luxembourg paying agent, as amended or supplemented from time to time, (iv) the indenture dated as of February 22, 2013, among Lynx II Corp., The Bank of New York Mellon, acting through its London Branch, as trustee, transfer agent and principal paying agent, The Bank of New York Mellon, as paying agent and Security Trustee and The Bank of New York Mellon (Luxembourg) S.A., as registrar, as amended or supplemented on June 7, 2013 pursuant to which, *inter alia*, the Issuer assumed the obligations of Lynx II, as issuer, and as further amended or supplemented from time to time and (v) the indenture dated as of October 7, 2014, among the Issuer, Virgin Media, Virgin Media Group LLC, Virgin Media (UK) Group LLC (formerly Virgin Media (UK) Group, Inc.), Virgin Media Communications, VMIH, VMIL, The Bank of New York Mellon, acting through its London Branch, as trustee and paying agent and The Bank of New York Mellon (Luxembourg) S.A. as Luxembourg paying agent, as amended or supplemented from time to time.

“Existing Senior Secured Notes” means the (i) the \$1,000 million of 5.875% Senior Secured Notes due 2021, (ii) the £1,100 million of 6% Senior Secured Notes due 2021, (iii) the £650 million of 5.50% Senior Secured Notes due 2021, (iv) the \$500 million of 5.25% Senior Secured Notes due 2021, (v) the \$425 million of 5.50% Senior Secured Notes due 2025, (vi) the £430 million of 5.50% Senior Secured Notes due 2025 and (vii) the £400 million of 6.25% Senior Secured Notes due 2029, issued by the Virgin Media Secured Finance PLC pursuant to relevant Existing Senior Secured Notes Indenture.

“Existing Senior Secured Notes Indentures” means collectively (i) the indenture dated as of March 3, 2011 among Virgin Media Secured Finance PLC, Virgin Media, the Issuer, VMIH, the guarantors party thereto, the Bank of New York Mellon, acting through its London Branch, as trustee and paying agent and The Bank of New York Mellon (Luxembourg) S.A. as Luxembourg paying agent, as amended or supplemented from time to time, (ii) the indenture dated February 22, 2013 among Lynx I Corp. and The Bank of New York Mellon, acting through its London Branch, as trustee, transfer agent and principal paying agent, The Bank of New York Mellon, as paying agent and The Bank of New York Mellon (Luxembourg) S.A., as registrar, as amended or supplemented on June 7, 2013 pursuant to which, *inter alia*, the Issuer assumed the obligations of Lynx I, as issuer, and as further amended or supplemented from time to time and (iii) the indenture dated as of March 28, 2014 among Virgin Media Secured Finance PLC, Virgin Media, the Issuer, VMIH, the guarantors party thereto, The Bank of New York Mellon, acting through its London Branch, as trustee and paying agent and The Bank of New York Mellon (Luxembourg) S.A. as Luxembourg paying agent, as amended or supplemented from time to time.

“fair market value” unless otherwise specified, wherever such term is used in the Indenture (except as otherwise specifically provided in this “*Description of the Senior Notes*”), may be conclusively established by means of an Officer’s Certificate or a resolution of the Board of Directors of the Issuer setting out such fair market value as determined by such Officer or such Board of Directors in good faith.

“GAAP” means generally accepted accounting principles in the United States of America as in effect as of the Issue Date or, for purposes of the covenant described under “—*Certain Covenants—Reports*,” as in effect from time to time; *provided* that at any date after the Issue Date the Issuer may make an irrevocable election to establish that “GAAP” shall mean GAAP as in effect on a date that is on or prior to the date of such election. Except as otherwise expressly provided below or in the Indenture, all ratios and calculations based on GAAP contained in the Indenture shall be computed in conformity with GAAP. At any time after the Issue Date, the Issuer may elect to apply for all purposes of the Indenture, in lieu of GAAP, IFRS and, upon such election, references to GAAP herein will be construed to mean IFRS as in effect on the Issue Date; *provided* that (1) all financial statements and reports to be provided, after such election, pursuant to the Indenture shall be prepared on the basis of IFRS as in effect from time to time (including that, upon first reporting its fiscal year results under IFRS, the Issuer shall restate its financial statements on the basis of IFRS for the year ending immediately

prior to the first fiscal year for which financial statements have been prepared on the basis of IFRS), and (2) from and after such election, all ratios, computations and other determinations based on GAAP contained in the Indenture shall, at the Issuer's option (a) continue to be computed in conformity with GAAP (*provided* that, following such election, the annual and quarterly information required by clauses (1) and (2) of the first paragraph of the covenant "*Certain Covenants—Reports*" shall include a reconciliation, either in the footnotes thereto or in a separate report delivered therewith, of such GAAP presentation to the corresponding IFRS presentation of such financial information), or (b) be computed in conformity with IFRS with retroactive effect being given thereto assuming that such election had been made on the Issue Date. Thereafter, the Issuer may, at its option, elect to apply GAAP or IFRS and compute all ratios, computations and other determinations based on GAAP or IFRS, as applicable, all on the basis of the foregoing provisions of this definition of GAAP.

"Group Intercreditor Deed" means the Group Intercreditor Deed originally entered into on March 3, 2006 and as amended from time to time, between Deutsche Bank AG, London Branch as Facility Agent and Security Trustee, the Original Borrowers, the Original Guarantors, the Senior Lenders, the Lessors, the Lessees, the Hedge Counterparties, the Lessor's Agent, the Intergroup Debtors and the Intergroup Creditors (each as defined therein) as the same may be amended, modified, supplemented, extended or replaced from time to time.

"guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person and any obligation, direct or indirect, contingent or otherwise, of such Person:

- (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise); or
- (2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); *provided, however*, that the term "guarantee" will not include endorsements for collection or deposit in the ordinary course of business. The term "guarantee" used as a verb has a corresponding meaning. "guarantor" means the obligor under a guarantee.

"Guarantor" means (1) each of the Parent Guarantors and the Subsidiary Guarantors in its capacity as guarantor of the Notes and (2) each Additional Guarantor in its capacity as an additional guarantor of the Notes.

"Hedging Obligations" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Commodity Agreement or Currency Agreement.

"holder" means a Person in whose name a Note is registered on the Registrar's books.

"Holding Company" means, in relation to a person, an entity of which that person is a Subsidiary.

"IFRS" means the accounting standards issued by the International Accounting Standards Board and its predecessors as in effect on the Issue Date.

"Incur" means issue, create, assume, guarantee, incur or otherwise become liable for; *provided, however*, that any Indebtedness or Capital Stock of a Person existing at the time such person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary; and the terms "Incurred" and "Incurrence" have meanings correlative to the foregoing.

"Indebtedness" means, with respect to any Person on any date of determination (without duplication):

- (1) money borrowed or raised and debit balances at banks;
- (2) any bond, note, loan stock, debenture or similar debt instrument;
- (3) acceptance or documentary credit facilities;
- (4) receivables sold or discounted (otherwise than on a non-recourse basis and other than in the normal course of business for collections);
- (5) any other transaction (including without limitation forward sale or purchase agreements) having the commercial effect of a borrowing or raising of money or any of (2) to (5) above;

- (6) the principal component or liquidation preference of all obligations of such Person with respect to the redemption, repayment or other repurchase of any Disqualified Stock or, with respect to any Restricted Subsidiary, any Preferred Stock (but excluding, in each case, any accrued dividends); and
- (7) the principal component of Indebtedness of other Persons to the extent guaranteed by such Person to the extent not otherwise included in the Indebtedness of such Person,

*provided* that Indebtedness which has been cash-collateralized shall not be included in any calculation of Indebtedness to the extent so cash-collateralized.

Notwithstanding the foregoing, “Indebtedness” shall not include (a) any deposits or prepayments received by the Issuer or a Restricted Subsidiary from a customer or subscriber for its service, (b) any obligations to make payments in relation to earn outs, (c) Indebtedness which is in the nature of equity (other than redeemable shares); (d) Capitalized Lease Obligations, (e) any indebtedness in respect of Qualified Receivables Transactions, (f) pension obligations and (g) any payments for assets acquired or services supplied deferred (including Trade Payables) in accordance with the terms pursuant to which the relevant assets were or are to be acquired or services were or are to be supplied. The amount of Indebtedness of any Person at any date will be the outstanding balance at such date of all unconditional obligations as described above and the maximum liability, upon the occurrence of the contingency giving rise to the obligation, of any contingent obligations at such date.

“Independent Financial Advisor” means an accounting, appraisal or investment banking firm of nationally recognized standing that is, in the good faith judgment of the Board of Directors or senior management of the Issuer, qualified to perform the task for which it has been engaged.

“Initial Public Offering” means an Equity Offering of common stock or other common equity interests of the Issuer or any direct or indirect parent company of the Issuer (the “IPO Entity”) following which there is a Public Market and, as a result of which, the shares of the common stock or other common equity interests of the IPO Entity in such offering are listed on an internationally recognized exchange or traded on an internationally recognized market.

“Intercreditor Deed” means the Intercreditor Deed first entered into among the Issuer, VMIH, Credit Suisse First Boston, The Bank of New York and the senior lenders party thereto, on April 13, 2004, as the same may be amended, modified, supplemented, extended or replaced from time to time, in each case in accordance with the terms of the Indenture.

“Interest Rate Agreement” means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement as to which such Person is party or a beneficiary.

“Intra-Group Services” means any of the following (*provided* that the terms of each such transaction are not materially less favorable, taken as a whole, to the Issuer or a Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction in arm’s length dealings with a Person that is not an Affiliate):

- (1) the sale of programming or other content by the Ultimate Parent, the Spin Parent or any of their respective Subsidiaries to the Issuer or any Restricted Subsidiary;
- (2) the lease or sublease of office space, other premises or equipment by the Issuer or the Restricted Subsidiaries to the Ultimate Parent, the Spin Parent or any of their respective Subsidiaries or by the Ultimate Parent, the Spin Parent or any of their respective Subsidiaries to the Issuer or the Restricted Subsidiaries;
- (3) the provision or receipt of other goods, services, facilities or other arrangements (in each case not constituting Indebtedness) in the ordinary course of business, by the Issuer or the Restricted Subsidiaries to or from the Ultimate Parent, the Spin Parent or any of their respective Subsidiaries, including, without limitation, (a) the employment of personnel, (b) provision of employee healthcare or other benefits, (c) acting as agent to buy or develop equipment, other assets or services or to trade with residential or business customers, and (d) the provision of treasury, audit, accounting, banking, strategy, branding, marketing, network, technology, research and development, telephony, office, administrative, compliance, payroll or other similar services; and
- (4) the extension, in the ordinary course of business and on terms not materially less favorable to the Issuer or the Restricted Subsidiaries than arm’s length terms, by or to the Issuer or the Restricted

Subsidiaries to or by the Ultimate Parent, the Spin Parent or any of their respective Subsidiaries of trade credit not constituting Indebtedness in relation to the provision or receipt of Intra-Group Services referred to in paragraphs (1), (2) or (3) above.

“Investment” means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any direct or indirect advance, loan (other than advances or extensions of credit to customers in the ordinary course of business) or other extensions of credit (including by way of guarantee or similar arrangement, but excluding any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such Person and all other items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP; *provided* that none of the following will be deemed to be an Investment:

- (1) Hedging Obligations entered into in the ordinary course of business and in compliance with the Indenture;
- (2) endorsements of negotiable instruments and documents in the ordinary course of business; and
- (3) an acquisition of assets, Capital Stock or other securities by the Issuer or a Subsidiary for consideration to the extent such consideration consists of Common Stock of the Issuer.

For purposes of the definition of “Unrestricted Subsidiary” and “—*Certain Covenants—Limitation on Restricted Payments*”:

- (1) “Investment” will include the portion (proportionate to the Issuer’s equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; *provided, however*, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Issuer will be deemed to continue to have a permanent “Investment” in an Unrestricted Subsidiary in an amount (if positive) equal to (a) the Issuer’s “Investment” in such Subsidiary at the time of such redesignation less (b) the portion (proportionate to the Issuer’s equity interest in such Subsidiary) of the fair market value of the net assets (as conclusively determined by the Board of Directors or senior management of the Issuer in good faith) of such Subsidiary at the time that such Subsidiary is so redesignated a Restricted Subsidiary; and
- (2) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors or senior management of the Issuer.

If the Issuer or a Restricted Subsidiary transfers, conveys, sells, leases or otherwise disposes of Voting Stock of a Restricted Subsidiary such that such Subsidiary is no longer a Restricted Subsidiary, then the Investment of the Issuer in such Person shall be deemed to have been made as of the date of such transfer or other disposition in an amount equal to the fair market value (as determined by the Board of Directors or senior management of the Issuer in good faith).

“Investment Grade Securities” means:

- (1) securities issued by the U.S. government or by any agency or instrumentality thereof (other than Cash Equivalents) or directly and fully guaranteed or insured by the U.S. government and in each case with maturities not exceeding two years from the date of the acquisition;
- (2) securities issued by or a member of the European Union as of January 1, 2004, or any agency or instrumentality thereof (other than Cash Equivalents) or directly and fully guaranteed or insured by a member of the European Union as of January 1, 2004, and in each case with maturities not exceeding two years from the date of the acquisition;
- (3) debt securities or debt instruments with a rating of A or higher by Standard & Poor’s Ratings Services or A-2 or higher by Moody’s Investors Service, Inc. or the equivalent of such rating by such rating organization, or if no rating of Standard & Poor’s Ratings Services or Moody’s Investors Service, Inc. then exists, the equivalent of such rating by any other nationally recognized securities ratings agency, by excluding any debt securities or instruments constituting loans or advances among the Issuer and its Subsidiaries;

- (4) investments in any fund that invests exclusively in investments of the type described in clauses (1) through (3) which fund may also hold immaterial amounts of cash and Cash Equivalents pending investment and/or distribution; and
- (5) corresponding instruments in countries other than those identified in clauses (1) and (2) above customarily utilized for high quality investments and, in each case, with maturities not exceeding two years from the date of the acquisition.

“Investment Grade Status” shall occur when the Notes receive both of the following:

- (1) a rating of “Baa3” (or the equivalent) or higher from Moody’s Investors Service, Inc. or any of its successors or assigns; and
- (2) a rating of “BBB-” (or the equivalent) or higher from Standard & Poor’s Ratings Services, or any of its successors or assigns,

in each case, with a “stable outlook” from such rating agency.

“IPO Market Capitalization” means an amount equal to (i) the total number of issued and outstanding shares of Capital Stock of the IPO Entity at the time of closing of the Initial Public Offering multiplied by (ii) the price per share at which such shares of common stock or common equity interests are sold in such Initial Public Offering.

“Issue Date” means the date of first issuance of the Notes.

“Law” means, collectively, all international, foreign, Federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any governmental authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any governmental authority, in each case whether or not having the force of law.

“Lien” means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

“Management Fees” means any management, consultancy or other similar fees payable by the Issuer or any Restricted Subsidiary.

“Market Capitalization” means an amount equal to (i) the total number of issued and outstanding shares of Capital Stock of the IPO Entity on the date of the declaration of the relevant dividend, multiplied by (ii) the arithmetic mean of the closing prices per share of such Capital Stock for the 30 consecutive trading days immediately preceding the date of the declaration of such dividend.

“Net Available Cash” from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

- (1) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all federal, state, provincial, foreign and local taxes required to be paid or accrued as a liability under GAAP (after taking into account any available tax credits or deductions and any tax sharing agreements), as a consequence of such Asset Disposition;
- (2) all payments made on any Indebtedness which is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon such assets, or which must by its terms, or in order to obtain a necessary consent to such Asset Disposition, or by applicable law be repaid out of the proceeds from such Asset Disposition;
- (3) all distributions and other payments required to be made to minority interest holders in Subsidiaries or joint ventures as a result of such Asset Disposition; and
- (4) the deduction of appropriate amounts to be provided by the seller as a reserve, in accordance with GAAP, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Issuer or any Restricted Subsidiary after such Asset Disposition.

“Net Cash Proceeds” means, with respect to any issuance or sale of Capital Stock, Subordinated Shareholder Loans and other capital contributions, the cash proceeds of such issuance or sale net of attorneys’ fees, accountants’ fees, underwriters’ or placement agents’ fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions and any tax sharing arrangements).

“New Immediate Holdco” means the direct or indirect Subsidiary of the Ultimate Parent following the Post Closing Reorganization.

“Officer” of any Person means the Chairman of the Board of Directors, the Chief Executive Officer, the Chief Financial Officer, Deputy Chief Financial Officer, the President, any Vice President, any Managing Director, any Director, the Treasurer, any Assistant Treasurer, the Secretary or any Assistant Secretary, or any authorized signatory of such Person.

“Officer’s Certificate” means a certificate signed by an Officer.

“Opinion of Counsel” means a written opinion from legal counsel who is reasonably acceptable to the Trustee. The counsel may be an employee of or counsel to the Issuer or the Trustee.

“Parent” means the Ultimate Parent, any Subsidiary of the Ultimate Parent of which the Issuer is a Subsidiary on the Issue Date and any other Person of which the Issuer at any time is or becomes a Subsidiary after the Issue Date.

“Parent Expenses” means:

- (1) costs (including all professional fees and expenses) Incurred by any Parent in connection with reporting obligations under or otherwise Incurred in connection with compliance with applicable laws, applicable rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the Indenture or any other agreement or instrument relating to Indebtedness of the Issuer or any Restricted Subsidiary;
- (2) indemnification obligations of any Parent owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with any such Person with respect to its ownership or the Issuer or the conduct of the business of the Issuer and the Restricted Subsidiaries;
- (3) obligations of any Parent in respect of director and officer insurance (including premiums therefor) with respect to its ownership of the Issuer or the conduct of the business of the Issuer and the Restricted Subsidiaries; and
- (4) general corporate overhead expenses, including professional fees and expenses and other operational expenses of any Parent or Subsidiary of a Parent related to the ownership or operation of the business (including, but not limited to, Intra-Group Services) of the Issuer or any of the Restricted Subsidiaries, including acquisitions or dispositions by the Issuer or the Subsidiaries permitted hereunder (whether or not successful), in each case, to the extent such costs, obligations and/or expenses are not paid by another Subsidiary of such Parent.

“Pari Passu Indebtedness” means Indebtedness of the Issuer that ranks equally or junior in right of payment with the Notes or the Note Guarantees (taking the Intercreditor Deed into account).

“Permitted Asset Swap” means the concurrent purchase and sale or exchange of related business assets (including, without limitation, securities of a Related Business) or a combination of such assets, cash and Cash Equivalents between the Issuer or any of the Restricted Subsidiaries and another Person.

“Permitted Business” means any business:

- (1) engaged in by the Issuer or any Restricted Subsidiary on the Issue Date;
- (2) that consists of the upgrade, construction, creation, development, marketing, acquisition (to the extent permitted under the Indenture), operation, utilization and maintenance of networks that use existing or future technology for the transmission, reception and delivery of voice, video and/or other data (including networks that transmit, receive and/or deliver services such as multi-channel television and radio, programming, telephony (including for the avoidance of doubt, mobile telephony), Internet services and content, high speed data transmission, video, multi-media and related activities);

- (3) that supports, is incidental, ancillary or complementary to or is related to any such business including, without limitation, all forms of television, telephony and internet services and any services relating to carriers, networks, broadcast or communications services, or Content; or
- (4) that comprises being a Holding Company of one or more Persons engaged in such business.

“Permitted Holders” means, collectively, (1) the Ultimate Parent, (2) in the event of a Spin-Off, the Spin Parent and any Subsidiary of the Spin Parent, (3) any Affiliate or Related Person of a Permitted Holder described in clause (1) above, and any successor to such Permitted Holder, Affiliate, or Related Person, (3) any Person who is acting as an underwriter in connection with any public or private offering of Capital Stock of the Issuer, acting in such capacity and (4) any “person” or “group” of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) whose acquisition of “beneficial ownership” (within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act) of Voting Stock or of all or substantially all of the assets of the Issuer and the Restricted Subsidiaries (taken as a whole) constitutes a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the covenant described under “—*Certain Covenants—Change of Control.*”

“Permitted Investment” means an Investment by the Issuer or any Restricted Subsidiary in:

- (1) the Issuer or a Restricted Subsidiary (other than a Receivables Entity) or a Person which will, upon the making of such Investment, become a Restricted Subsidiary (other than a Receivables Entity);
- (2) another Person if as a result of such Investment such other Person is merged or consolidated with or into, or transfers or conveys all or substantially all its assets to, the Issuer or a Restricted Subsidiary (other than a Receivables Entity);
- (3) cash and Cash Equivalents or Investment Grade Securities;
- (4) receivables owing to the Issuer or any Restricted Subsidiary created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms; *provided, however*, that such trade terms may include such concessionary trade terms as the Issuer or any such Restricted Subsidiary deems reasonable under the circumstances;
- (5) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;
- (6) loans or advances to employees made in the ordinary course of business consistent with past practices of the Issuer or such Restricted Subsidiary;
- (7) Capital Stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to the Issuer or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor;
- (8) Investments made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets, including without limitation an Asset Disposition, in each case, that was made in compliance with “—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*” and other Investments resulting from the disposition of assets in transactions excluded from the definition of “Asset Disposition” pursuant to the exclusions from such definition;
- (9) any Investment existing on the Issue Date or made pursuant to binding commitments in effect on the Issue Date or an Investment consisting of any extension, modification, replacement, renewal or reinvestment of any Investment or binding commitment existing on the Issue Date or made in compliance with the covenant entitled “—*Certain Covenants—Limitation on Restricted Payments*”; *provided*, that the amount of any such Investment or binding commitment may be increased (a) as required by the terms of such Investment or binding commitment as in existence on the Issue Date (including as a result of the accrual or accretion of interest or original issue discount or the issuance of pay-in-kind securities) or (b) as otherwise permitted under the Indenture;
- (10) Currency Agreements, Commodity Agreements and Interest Rate Agreements and related Hedging Obligations, which transactions or obligations are Incurred in compliance with “—*Certain Covenants—Limitation on Indebtedness*”;
- (11) Investments by the Issuer or any of the Restricted Subsidiaries, together with all other Investments pursuant to this clause (11), in an aggregate amount at the time of such Investment not to exceed the greater of £350 million and 5.0% of Total Assets at any one time, *provided* that, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person



subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under “—*Certain Covenants—Limitation on Restricted Payments*,” such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of “Permitted Investments” and not this clause;

- (12) Investments by the Issuer or a Restricted Subsidiary in a Receivables Entity or any Investment by a Receivables Entity in any other Person, in each case, in connection with a Qualified Receivables Transaction, *provided, however*, that any Investment in any such Person is in the form of a Purchase Money Note, or any equity interest or interests in Receivables and related assets generated by the Issuer or a Restricted Subsidiary and transferred to any Person in connection with a Qualified Receivables Transaction or any such Person owning such Receivables;
- (13) guarantees issued in accordance with “—*Certain Covenants—Limitation on Indebtedness*” and other guarantees (and similar arrangements) of obligations not constituting Indebtedness;
- (14) pledges or deposits (a) with respect to leases or utilities provided to third parties in the ordinary course of business or (b) otherwise described in the definition of “Permitted Liens” or made in connection with Liens permitted under the covenant described under “—*Certain Covenants—Limitation on Liens*”;
- (15) the Notes, the Existing Senior Notes, the Existing Senior Secured Notes and the Senior Secured Notes;
- (16) so long as no Default or Event of Default of the type specified in clause (1) or (2) under “—*Events of Default*” has occurred and is continuing, (a) minority Investments in any Person engaged in a Permitted Business and (b) Investments in joint ventures that conduct a Permitted Business to the extent that, after giving pro forma effect to any such Investment, the Consolidated Net Leverage Ratio would not exceed 5.00 to 1.00;
- (17) any Investment to the extent made using as consideration Capital Stock of the Issuer (other than Disqualified Stock), Subordinated Shareholder Loans or Capital Stock of any Parent;
- (18) Investments acquired after the Issue Date as a result of the acquisition by the Issuer or a Restricted Subsidiary, including by way of merger, amalgamation or consolidation with or into the Issuer or any Restricted Subsidiary in a transaction that is not prohibited by the covenant described above under the caption “—*Certain Covenants—Merger and Consolidation*” after the Issue Date to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;
- (19) Permitted Joint Ventures;
- (20) [Reserved];
- (21) Investments resulting from the disposition of assets in transactions excluded from the definition of “Asset Disposition” pursuant to the exclusions from such definition;
- (22) any Person where such Investment was acquired by the Issuer or any Restricted Subsidiary (a) in exchange for any other Investment or accounts receivable held by the Issuer or any such Restricted Subsidiary in connection with or as a result of a bankruptcy, workout, reorganization or recapitalization of the issuer of such other Investment or accounts receivable or (b) as a result of a foreclosure by the Issuer or any such Restricted Subsidiary with respect to any secured Investment or other transfer of title with respect to any secured Investment in default; and
- (23) any transaction to the extent constituting an Investment that is permitted and made in accordance with the provisions of the second paragraph of the covenant described under “—*Certain Covenants—Limitation on Affiliate Transactions*” (except those transactions described in clauses (1), (5), (9) and (22) of that paragraph).

“Permitted Joint Ventures” means one or more joint ventures formed by the contribution of some or all of the assets of the Virgin Media Business division pursuant to a Business Division Transaction to a joint venture formed by the Issuer or any of the Restricted Subsidiaries with one or more joint venturers.

“Permitted Liens” means:

- (1) Liens on Receivables and related assets of the type described in the definition of “Qualified Receivables Transaction” Incurred in connection with a Qualified Receivables Transaction;

- (2) pledges or deposits by such Person under workmen's compensation laws, unemployment insurance laws or similar legislation, or good faith deposits in connection with bids, tenders, contracts (other than for the payment of Indebtedness) or leases to which such Person is a party, or deposits to secure public or statutory obligations of such Person or deposits of cash or United States government bonds to secure surety or appeal bonds to which such Person is a party, or deposits as security for contested taxes or import or customs duties or for the payment of rent, in each case Incurred in the ordinary course of business;
- (3) Liens imposed by law, including carriers', warehousemen's, mechanics' landlords', materialmen's and repairmen's or other like Liens, in each case for sums not yet overdue for a period of more than 60 days or that are bonded or being contested in good faith by appropriate proceedings;
- (4) Liens for taxes, assessments or other governmental charges not yet subject to penalties for non-payment or which are being contested in good faith by appropriate proceedings; provided appropriate reserves required pursuant to GAAP have been made in respect thereof;
- (5) Liens in favor of issuers of surety or performance bonds or letters of credit or bankers' acceptances issued pursuant to the request of and for the account of such Person in the ordinary course of its business;
- (6) encumbrances, ground leases, easements or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including, without limitation, minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of the Issuer and the Restricted Subsidiaries or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of the Issuer and the Restricted Subsidiaries;
- (7) [Reserved];
- (8) leases, licenses, subleases and sublicenses of assets (including, without limitation, real property and intellectual property rights) which do not materially interfere with the ordinary conduct of the business of the Issuer or the Restricted Subsidiaries;
- (9) Liens arising out of judgments, decrees, orders or awards not giving rise to an Event of Default so long as such Lien is adequately bonded and any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree, order or award have not been finally terminated or the period within which such proceedings may be initiated has not expired;
- (10) Liens for the purpose of securing the payment of all or a part of the purchase price of, or Capitalized Lease Obligations, Purchase Money Obligations or other payments Incurred to finance the acquisition, improvement or construction of, assets or property acquired or constructed in the ordinary course of business; *provided* that such Liens do not encumber any other assets or property of the Issuer or the Restricted Subsidiaries other than such assets or property and assets affixed or appurtenant thereto;
- (11) Liens arising solely by virtue of any statutory or common law provisions or customary business provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depository institution; *provided* that such deposit account is not intended by the Issuer or the Restricted Subsidiaries to provide collateral to the depository institution;
- (12) Liens arising from United States Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding operating leases entered into by the Issuer and the Restricted Subsidiaries in the ordinary course of business;
- (13) (i) Liens on rights, property and assets of the Restricted Subsidiaries to secure Indebtedness to the extent Incurred in compliance with the first paragraph or clauses (1), (3), (7), (12), (16) and (18) under the second paragraph of the covenant described under "*—Limitation on Indebtedness*" and guarantees thereof (ii) Liens on rights, property and assets of the Issuer to secure guarantees of Indebtedness to the extent such Indebtedness was Incurred in compliance with the first paragraph or clauses (1), (3), (7), (12), (16) and (18) under the second paragraph of the covenant described under "*—Limitation on Indebtedness*";
- (14) Liens securing obligations under any Additional Notes (as defined in each of the indentures for the Existing Senior Secured Notes and the Senior Secured Notes) and guarantees thereof;
- (15) Liens existing on, or provided for under written arrangements existing on, the Issue Date;

- (16) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary; *provided, however*, that any such Lien may not extend to any other property owned by the Issuer or any other Restricted Subsidiary;
- (17) Liens on property at the time the Issuer or a Restricted Subsidiary acquired the property, including any acquisition by means of a merger or consolidation with or into any Restricted Subsidiary; *provided, however*, that any such Lien may not extend to any other property owned by the Issuer or such Restricted Subsidiary;
- (18) Liens securing Indebtedness or other obligations of a Restricted Subsidiary owing to the Issuer or another Restricted Subsidiary;
- (19) Liens on rights, property and assets of the Restricted Subsidiaries to secure Indebtedness to the extent Incurred in compliance with clause (6) under the second paragraph of the covenant described under “—*Limitation on Indebtedness*” and guarantees thereof; *provided* that, at the time of the acquisition or other transaction pursuant to which such Indebtedness was incurred and after giving effect to the incurrence of such Indebtedness on a pro forma basis, (i) the Issuer would have been able to incur £1.00 of additional Indebtedness pursuant to the first paragraph of the covenant entitled “—*Limitation on Indebtedness*” or (ii) the Consolidated Net Leverage Ratio would not be greater than it was immediately prior to giving pro forma effect to such acquisition or other transaction and to the Incurrence of such Indebtedness);
- (20) Liens securing Refinancing Indebtedness Incurred to refinance Indebtedness that was previously so secured, *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is the security for a Permitted Lien hereunder;
- (21) Liens securing the Notes or the Note Guarantees;
- (22) Liens on Capital Stock or other securities of any Unrestricted Subsidiary that secure Indebtedness or other obligations of such Unrestricted Subsidiary;
- (23) any interest or title of a lessor under any Capitalized Lease Obligations or operating leases;
- (24) any encumbrance or restriction (including, but not limited to, put and call arrangements) with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;
- (25) Liens over rights under loan agreements relating to, or over notes or similar instruments evidencing, the on-loan of proceeds received by a Restricted Subsidiary from the issuance of Indebtedness, which Liens are created to secure payment of such Indebtedness;
- (26) Liens of a Restricted Subsidiary that is not the Issuer or a Guarantor securing Indebtedness of a Restricted Subsidiary that is not the Issuer or a Guarantor;
- (27) any Liens in respect of the ownership interests in, or assets owned by, any joint ventures securing obligations of such joint ventures;
- (28) Liens on (a) Escrowed Proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or (b) cash set aside at the time of the incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in escrow accounts or similar arrangement to be applied for such purpose; and
- (29) Liens Incurred with respect to obligations that do not exceed the greater of (a) £250.0 million and (b) 5.0% of Total Assets at any time outstanding.

“Permitted Revolving Credit Facility” means, one or more debt facilities or arrangements (including, without limitation, the Senior Credit Facility) that may be entered into by Issuer and the Restricted Subsidiaries providing for revolving credit loans, letters of credit or other revolving Indebtedness or other advances, in each case, Incurred in compliance with the covenant described under “—*Certain Covenants—Limitation on Indebtedness*.”

“Person” means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision hereof or any other entity.

“Preferred Stock,” as applied to the Capital Stock of any corporation, partnership, limited liability company or other entity, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such entity, over shares of Capital Stock of any other class of such entity.

“Pro forma EBITDA” means, for any period, the Consolidated EBITDA of the Issuer and the Restricted Subsidiaries, *provided, however*, that for the purposes of calculating Pro forma EBITDA for such period, if, as of such date of determination:

- (1) since the beginning of such period the Issuer or any Restricted Subsidiary will have made any Asset Disposition or disposed of any company, any business, or any group of assets constituting an operating unit of a business (any such disposition, a “**Sale**”) or if the transaction giving rise to the need to calculate the Consolidated Net Leverage Ratio is such a Sale, Pro forma EBITDA for such period will be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the assets which are the subject of such Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such period;
- (2) since the beginning of such period the Issuer or any Restricted Subsidiary (by merger or otherwise) will have made an Investment in any Person that thereby becomes a Restricted Subsidiary, or otherwise acquires any company, any business, or any group of assets constituting an operating unit of a business (any such Investment or acquisition, a “**Purchase**”) including any such Purchase occurring in connection with a transaction causing a calculation to be made hereunder, Consolidated EBITDA for such period will be calculated after giving pro forma effect thereto as if such Purchase occurred on the first day of such period; and
- (3) since the beginning of such period any Person (that became a Restricted Subsidiary or was merged with or into the Issuer or any Restricted Subsidiary since the beginning of such period) will have made any Sale or any Purchase that would have required an adjustment pursuant to clause (1) or (2) above if made by the Issuer or a Restricted Subsidiary since the beginning of such period, Consolidated EBITDA for such period will be calculated after giving pro forma effect thereto as if such Sale or Purchase occurred on the first day of such period.

For purposes of this definition and the definition of Consolidated Net Leverage Ratio, (a) whenever pro forma effect is to be given to any transaction or calculation, the pro forma calculations will be as determined in good faith by a responsible financial or accounting officer of the Issuer (including without limitation in respect of anticipated expense and cost reductions) including, without limitation, as a result of, or that would result from any actions taken, committed to be taken or with respect to which substantial steps have been taken, by the Issuer or any Restricted Subsidiary including, without limitation, in connection with any cost reduction synergies or cost savings plan or program or in connection with any transaction, investment, acquisition, disposition, restructuring, corporate reorganization or otherwise (regardless of whether these cost savings and cost reduction synergies could then be reflected in pro forma financial statements to the extent prepared), (b) in determining the amount of Indebtedness outstanding on any date of determination, pro forma effect shall be given to any Incurrence, repayment, repurchase, defeasance or other acquisition, retirement or discharge of Indebtedness as if such transaction had occurred on the first day of the relevant period and (c) interest on any Indebtedness that bears interest at a floating rate and that is being given pro forma effect shall be calculated as if the rate in effect on the date of calculation had been applicable for the entire period (taking into account any Hedging Obligations applicable to such Indebtedness).

“Public Debt” means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (1) a public offering registered under the Securities Act or (2) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A or Regulation S under the Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale. The term “Public Debt” (a) shall not include the Notes (or any Additional Notes) and (b) for the avoidance of doubt, shall not be construed to include any Indebtedness issued to institutional investors in a direct placement of such Indebtedness that is not underwritten by an intermediary (it being understood that, without limiting the foregoing, a financing that is distributed to not more than ten Persons (*provided* that multiple managed accounts and affiliates of any such Persons shall be treated as one Person for the purposes of this definition) shall be deemed not to be underwritten), or any Indebtedness under the Senior Credit Facility or a Permitted Revolving Credit Facility, commercial bank or similar Indebtedness, Capitalized Lease Obligation or recourse transfer of any financial asset or any other type of Indebtedness incurred in a manner not customarily viewed as a “securities offering.”

“Public Market” means any time after an Equity Offering has been consummated, shares of common stock or other common equity interests of the IPO Entity having a market value in excess of £75 million on the date of such Equity Offering have been distributed pursuant to such Equity Offering.

“Public Offering” means any offering, including an Initial Public Offering, of shares of common stock or other common equity interests that are listed on an exchange or publicly offered (which shall include any offering pursuant to Rule 144A and/or Regulation S under the Securities Act to professional market investors or similar persons).

“Public Offering Expenses” means expenses Incurred by any Parent in connection with any public offering of Capital Stock or Indebtedness (whether or not successful):

- (1) where the net proceeds of such offering are intended to be received by or contributed or loaned to the Issuer or a Restricted Subsidiary; or
- (2) in a prorated amount of such expenses in proportion to the amount of such net proceeds intended to be so received, contributed or loaned; or
- (3) otherwise on an interim basis prior to completion of such offering so long as any Parent shall cause the amount of such expenses to be repaid to the Issuer or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed, in each case, to the extent such expenses are not paid by another Subsidiary of such Parent.

“Purchase Money Note” means a promissory note of a Receivables Entity evidencing the deferred purchase price of Receivables (and related assets) and/or a line of credit, which may be irrevocable, from the Issuer or any Restricted Subsidiary in connection with a Qualified Receivables Transaction with a Receivables Entity, which deferred purchase price or line is repayable from cash available to the Receivables Entity, other than amounts required to be established as reserves pursuant to agreements, amounts paid to investors in respect of interest, principal and other amounts owing to such investors and amounts owing to such investors and amounts paid in connection with the purchase of newly generated Receivables.

“Purchase Money Obligations” means any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including Capital Stock), and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

“Qualified Receivables Transaction” means any transaction or series of transactions that may be entered into by the Issuer or any of the Restricted Subsidiaries pursuant to which the Issuer or any of the Restricted Subsidiaries may sell, convey or otherwise transfer to (1) a Receivables Entity (in the case of a transfer by the Issuer or any of the Restricted Subsidiaries) and (2) any other Person (in the case of a transfer by a Receivables Entity), or may grant a security interest in, any Receivables (whether now existing or arising in the future) of the Issuer or any of the Restricted Subsidiaries, and any assets related thereto including, without limitation, all collateral securing such Receivables, all contracts and all guarantees or other obligations in respect of such accounts receivable, the proceeds of such Receivables and other assets which are customarily transferred, or in respect of which security interests are customarily granted, in connection with asset securitization involving Receivables.

“Receivable” means a right to receive payment arising from a sale or lease of goods or the performance of services by a Person pursuant to an arrangement with another Person pursuant to which such other Person is obligated to pay for goods or services under terms that permit the purchase of such goods and services on credit and shall include, in any event, any items of property that would be classified as an “account,” “chattel paper,” “payment intangible” or “instrument” under the Uniform Commercial Code as in effect in the State of New York and any “supporting obligations” as so defined.

“Receivables Entity” means a Wholly Owned Subsidiary of the Issuer (or another Person in which the Issuer or any Restricted Subsidiary makes an Investment and to which the Issuer or any Restricted Subsidiary transfers Receivables and related assets) which engages in no activities other than in connection with the financing of Receivables and which is designated by the Board of Directors of the Issuer (as provided below) as a Receivables Entity:

- (1) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which:
  - (a) is guaranteed by the Issuer or any Restricted Subsidiary (excluding guarantees of Obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings);

- (b) is recourse to or obligates the Issuer or any Restricted Subsidiary in any way other than pursuant to Standard Securitization Undertakings; or
  - (c) subjects any property or asset of the Issuer or any Restricted Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;
- (2) with which neither the Issuer nor any Restricted Subsidiary has any material contract, agreement, arrangement or understanding (except in connection with a Purchase Money Note or Qualified Receivables Transaction) other than on terms no less favorable to the Issuer or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Issuer, other than fees payable in the ordinary course of business in connection with servicing Receivables; and
  - (3) to which neither the Issuer nor any Restricted Subsidiary has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by promptly filing with the Trustee a certified copy of the resolution of the Board of Directors of the Issuer giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing conditions.

"Refinancing Indebtedness" means Indebtedness that is Incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) (collectively, "refinance," "refinances," and "refinanced" shall have a correlative meaning) any Indebtedness existing on the Issue Date or Incurred in compliance with the Indenture (including Indebtedness of the Issuer that refinances Indebtedness of any Restricted Subsidiary and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness, including successive refinancings, *provided, however*, that:

- (1) if the Indebtedness being refinanced constitutes Subordinated Obligations, (a) if the Stated Maturity of the Indebtedness being refinanced is earlier than the Stated Maturity of the Notes, the Refinancing Indebtedness has a Stated Maturity no earlier than the Stated Maturity of the Indebtedness being refinanced or (b) if the Stated Maturity of the Indebtedness being refinanced is later than the Stated Maturity of the Notes, the Refinancing Indebtedness has a Stated Maturity later than the Stated Maturity of the Notes;
- (2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced plus an amount to pay any interest, fees and expenses, premiums and defeasance costs, Incurred in connection therewith; and
- (3) if the Indebtedness being refinanced constitutes Subordinated Obligations, such Refinancing Indebtedness is subordinated in right of payment to the Notes on terms at least as favorable to the holders of the Notes as those contained in the documentation governing the Indebtedness being refinanced.

Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be Incurred from time to time after the termination, discharge or repayment of all or any part of any such Credit Facility or other Indebtedness.

"Related Business" means any business that is the same as or related, ancillary or complementary to, any of the businesses of the Issuer and the Restricted Subsidiaries on the Issue Date.

"Related Person" with respect to any Permitted Holder, means:

- (1) any controlling equity holder or majority (or more) owned Subsidiary of such Permitted Holder; or
- (2) in the case of an individual, any spouse, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individual and any such spouse, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof; or
- (3) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons of any thereof constitute the beneficiaries, stockholders, partners or owners thereof, or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein.

“Related Taxes” means:

- (1) any taxes, including but not limited to sales, use, transfer, rental, ad valorem, value added, stamp, property, consumption, franchise, license, capital, registration, business, customs, net worth, gross receipts, excise, occupancy, intangibles or similar taxes (other than (x) taxes measured by income and (y) withholding imposed on payments made by any Parent), required to be paid by any Parent by virtue of its:
  - (a) being organized or having Capital Stock outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than the Issuer or any of the Issuer’s Subsidiaries), or
  - (b) being a holding company parent of the Issuer or any of the Issuer’s Subsidiaries, or
  - (c) receiving dividends from or other distributions in respect of the Capital Stock of the Issuer, or any of the Issuer’s Subsidiaries, or
  - (d) having guaranteed any obligations of the Issuer or any Subsidiary of the Issuer, or
  - (e) having made any payment in respect to any of the items for which the Issuer is permitted to make payments to any Parent pursuant to “—*Certain Covenants—Limitation on Restricted Payments*,”

in each case, to the extent such taxes are not paid by another Subsidiary or such Parent; or

- (2) any taxes measured by income for which any Parent is liable up to an amount not to exceed with respect to such taxes the amount of any such taxes that the Issuer and its Subsidiaries would have been required to pay on a separate company basis or on a consolidated basis if the Issuer and its Subsidiaries had paid tax on a consolidated, combined, group, affiliated or unitary basis on behalf of an affiliated group consisting only of the Issuer and its Subsidiaries and any taxes imposed by way of withholding on payments made by one Parent to another Parent on any financing that is provided, directly or indirectly in relation to the Issuer and its Subsidiaries (reduced by any taxes measured by income actually paid by the Issuer and its Subsidiaries).

“Representative” means any trustee, agent or representative (if any) for an issue of Senior Indebtedness or the provider of Senior Indebtedness (if provided on a bilateral basis), as the case may be.

“Restricted Investment” means any Investment other than a Permitted Investment.

“Restricted Subsidiary” means any Subsidiary of the Issuer together with ntl Glasgow and ntl Kirklees other than an Unrestricted Subsidiary.

“Revolving Facility Excluded Amount” means the greater of (1) £500,000,000 (or its equivalent in other currencies) and (2) 0.25 multiplied by the Pro forma EBITDA of the Issuer and the Restricted Subsidiaries on a Consolidated basis for the period of the most recent two consecutive fiscal quarters for which financial statements have previously been furnished to holders pursuant to the covenant described under “—*Certain Covenants—Reports*,” multiplied by 2.0.

“SEC” means the United States Securities and Exchange Commission. “Securities Act” means the United States Securities Act of 1933, as amended.

“Secured Indebtedness” means any Indebtedness of any Person secured by a Lien.

“Senior Credit Facility” means the senior facility agreement dated as of June 7, 2013 between, among others, VMIH and certain financial institutions as lenders thereunder, as amended or supplemented from time to time.

“Senior Indebtedness” means, whether outstanding on the Issue Date or thereafter Incurred, all amounts payable by, under or in respect of all other Indebtedness of the Issuer or any other Guarantor, including premiums and accrued and unpaid interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Issuer or such other Guarantor at the rate specified in the documentation with respect thereto whether or not a claim for post filing interest is allowed in such proceeding) and fees relating thereto; *provided, however*, that Senior Indebtedness will not include:

- (1) any Indebtedness Incurred in violation of the Indenture;
- (2) any obligation of the Issuer to any Restricted Subsidiary or any obligation of any Guarantor to the Issuer or any Restricted Subsidiary;

- (3) any liability for taxes owed or owing by the Issuer or any Restricted Subsidiary;
- (4) any accounts payable or other liability to trade creditors arising in the ordinary course of business (including guarantees thereof or instruments evidencing such liabilities);
- (5) any Indebtedness, guarantee or obligation of the Issuer or any other Guarantor that is expressly subordinate or junior in right of payment to any other Indebtedness, guarantee or obligation of the Issuer or such other Guarantor, including, without limitation, any Subordinated Obligation; or
- (6) any Capital Stock.

“Senior Lenders” means a bank or financial institution or other person which has become a party to the Group Intercreditor Deed as a Senior Lender, in accordance with the applicable provisions thereof.

“Senior Liabilities” means all present and future obligations and liabilities of the obligors to the parties identified in the Group Intercreditor Deed.

“Senior Secured Notes” means £300 million aggregate principal amount of 5<sup>1</sup>/<sub>8</sub>% Senior Secured Notes due 2025, issued by Virgin Media Secured Finance PLC on the Issue Date.

“Senior Secured Notes Indenture” means the indenture governing the Senior Secured Notes to be dated as of the Issue Date, between, among others, the Virgin Media Secured Finance PLC and The Bank of New York Mellon, London Branch, as trustee, as amended or supplemented from time to time.

“Senior Subordinated Indebtedness” of a Subsidiary Guarantor means any Indebtedness of such Subsidiary Guarantor that specifically provides that such Indebtedness is to rank equally with the Subsidiary Guarantee of such Subsidiary Guarantor in right of payment and is not subordinated by its terms in right of payment to any Indebtedness or other obligation of such Subsidiary Guarantor which is not Senior Indebtedness.

“Significant Subsidiary” means any Restricted Subsidiary which, together with the Restricted Subsidiaries of such Restricted Subsidiary, accounted for more than 10% of the Total Assets of the Issuer for the most recently completed fiscal year.

“Specified Legal Expenses” means, to the extent not constituting an extraordinary, non-recurring or unusual loss, charge or expense, all attorneys’ and experts’ fees and expenses and all other costs, liabilities (including all damages, penalties, fines and indemnification and settlement payments) and expenses paid or payable in connection with any threatened, pending, completed or future claim, demand, action, suit, proceeding, inquiry or investigation (whether civil, criminal, administrative, governmental or investigative).

“Spin-Off” means a transaction by which all outstanding ordinary shares of Virgin Media Communications or a Parent of Virgin Media Communications directly or indirectly owned by the Ultimate Parent are distributed to all of the Ultimate Parent’s shareholders either directly or indirectly through the distribution of shares in a company holding Virgin Media Communications’ shares or Parent’s shares.

“Spin Parent” means the company the shares of which are distributed to the shareholders of the Ultimate Parent pursuant to the Spin-Off.

“Standard Securitization Undertakings” means representations, warranties, covenants and indemnities entered into by the Issuer or any Restricted Subsidiary which are reasonably customary in securitization of Receivables transactions.

“Stated Maturity” means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision, but shall not include any contingent obligations to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

“Sterling Equivalent” means with respect to any monetary amount in a currency other than pounds sterling, at any time of determination thereof, the amount of pounds sterling obtained by converting such foreign currency involved in such computation into pounds sterling at the average of the spot rates for the purchase and sale of pounds sterling with the applicable foreign currency as quoted on or recorded in any recognized source of foreign exchange rates at least two Business Days (but not more than five Business Days) prior to such determination.

“Subordinated Obligation” means, in the case of the Issuer, any Indebtedness of the Issuer (whether outstanding on the Issue Date or thereafter Incurred) which is expressly subordinate or junior in right of



payment to the Notes pursuant to a written agreement and, in the case of a Guarantor, any Indebtedness of such Guarantor (whether outstanding on the Issue Date or thereafter Incurred) which is expressly subordinate or junior in right of payment to the Note Guarantee of such Guarantor pursuant to a written agreement.

“Subordinated Shareholder Loans” means Indebtedness of the Issuer (and any security into which such Indebtedness, other than Capital Stock, is convertible or for which it is exchangeable at the option of the holder) issued to and held by any Affiliate (other than a Restricted Subsidiary) that (either pursuant to its terms or pursuant to an agreement with respect thereto):

- (1) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Stated Maturity of the Notes (other than through conversion or exchange of such Indebtedness into Capital Stock (other than Disqualified Stock) of the Issuer or any Indebtedness meeting the requirements of this definition);
- (2) does not require, prior to the first anniversary of the Stated Maturity of the Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts;
- (3) contains no change of control or similar provisions that are effective, and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment prior to the first anniversary of the Stated Maturity of the Notes;
- (4) does not provide for or require any security interest or encumbrance over any asset of the Issuer or any of the Restricted Subsidiaries;
- (5) is subordinated in right of payment to the prior payment in full of the Notes in the event of (a) a total or partial liquidation, dissolution or winding up of the Issuer, (b) a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to the Issuer or its property, (c) an assignment for the benefit of creditors or (d) any marshalling of the Issuer’s assets and liabilities;
- (6) under which the Issuer may not make any payment or distribution of any kind or character with respect to any obligations on, or relating to, such Subordinated Shareholder Loans if (a) a payment Default on the Notes occurs and is continuing or (b) any other Default under the Indenture occurs and is continuing on the Notes that permits the holders of the Notes to accelerate their maturity and the Issuer receives notice of such Default from the requisite holders of the Notes, until in each case the earliest of (i) the date on which such Default is cured or waived or (ii) 180 days from the date such Default occurs (and only once such notice may be given during any 360 day period); and
- (7) under which, if the holder of such Subordinated Shareholder Loans receives a payment or distribution with respect to such Subordinated Shareholder Loan (a) other than in accordance with the Indenture or as a result of a mandatory requirement of applicable law or (b) under circumstances described under clauses (5)(a) through (d) above, such holder will forthwith pay all such amounts to the Trustee or the Security Trustee to be held in trust for application in accordance with the Indenture.

“Subsidiary” of any Person means (a) any corporation, association or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total ordinary voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof (or Persons performing similar functions) or (b) any partnership, joint venture limited liability company or similar entity of which more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, is, in the case of clauses (a) and (b), at the time owned or controlled, directly or indirectly, by (1) such Person, (2) such Person and one or more Subsidiaries of such Person or (3) one or more Subsidiaries of such Person. Unless otherwise specified herein, each reference to a Subsidiary will refer to a Subsidiary of the Issuer.

“Subsidiary Guarantors” refers to VMIH and VMIL together with any Person that becomes a Subsidiary Guarantor after the Issue Date pursuant to the terms of the Indenture, in each case, until the Note Guarantee of such Person has been released in accordance with the provisions of the Indenture;

“Successor Reporting Entity” means any successor to the Ultimate Parent or any Parent of the Issuer that files an Annual Report on Form 10-K with the SEC.

“Tax Sharing Agreement” means the tax cooperation agreement entered into with effect as of the 3rd day of March, 2006, by and between (i) Virgin Media and (ii) VMIH and Telewest Communications Networks Limited, as amended or supplemented from time to time.

“Total Assets” means the consolidated total assets of VMIH and the Restricted Subsidiaries as shown on the most recent balance sheet (excluding the footnotes thereto) of VMIH (and, in the case of any determination relating to any Incurrence of Indebtedness or any Restricted Payment, on a pro forma basis including any property or assets being acquired in connection therewith).

“Trade Payables” means, with respect to any Person, any accounts payable or an Indebtedness or monetary obligation to trade creditors created, assumed or guaranteed by such Person arising in the ordinary course of business in connection with the acquisition of goods or services.

“Treasury Rate” means the yield to maturity at the time of computation of U.S. Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) which has become publicly available on a day no earlier than two Business Days prior to the date of the delivery of the redemption notice in respect of such redemption date (or, if such statistical release is not so published or available, any publicly available source of similar market data selected by the Issuer in good faith)) most nearly equal to the period from the redemption date to January 15, 2020; *provided, however*, that if the period from the redemption date to January 15, 2020 is not equal to the constant maturity of a U.S. Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by a linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields to U.S. Treasury securities for which such yields are given, except that if the period from the redemption date to January 15, 2015 is less than one year, the weekly average yield on actually traded U.S. Treasury securities adjusted to a constant maturity of one year shall be used.

“Ultimate Parent” means Liberty Global plc and any and all successors thereto.

“Unrestricted Subsidiary” means:

- (1) any Subsidiary of the Issuer that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors of the Issuer in the manner provided below; and
- (2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of the Issuer may designate any Subsidiary of the Issuer (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger or consolidation or Investment therein) to be an Unrestricted Subsidiary only if:

- (1) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of or have any Investment in, or own or hold any Lien on any property of, any other Subsidiary of the Issuer which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary; and
- (2) such designation and the Investment of the Issuer in such Subsidiary complies with “—*Certain Covenants—Limitation on Restricted Payments*”.

Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by promptly filing with the Trustee a resolution of the Board of Directors of the Issuer giving effect to such designation and an Officer’s Certificate certifying that such designation complies with the foregoing conditions. If, at any time, any Unrestricted Subsidiary would fail to meet the foregoing requirements as an Unrestricted Subsidiary, it shall thereafter cease to be an Unrestricted Subsidiary for purposes of the Indenture and any Indebtedness of such Subsidiary shall be deemed to be Incurred as of such date.

The Board of Directors of the Issuer may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that immediately after giving effect to such designation, no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof and either (1) the Issuer could Incur at least £1.00 of additional Indebtedness under the first paragraph of the covenant described under the covenant described under “—*Certain Covenants—Limitation on Indebtedness*” or (2) the Consolidated Net Leverage Ratio would be no greater than it was immediately prior to giving effect to such designation, in each case, on a pro forma basis taking into account such designation.

“UPC Ireland Acquisition” means the acquisition of UPC Broadband Ireland Ltd (or its successor) and its Subsidiaries.

“U.S. Government Obligations” means direct obligations of, or obligations guaranteed by, the United States of America, and the payment for which the United States pledges its full faith and credit.

“Virgin Group” means Virgin Media and its Subsidiaries.

“Virgin Media” means Virgin Media Inc., an indirect parent company of the Issuer, together with its successors (by merger, consolidation, transfer, conversion of legal form or otherwise).

“Virgin Media Communications” means Virgin Media Communications Limited, a company incorporated under the laws of England and Wales, together with its successors (by merger, consolidation, transfer, conversion of legal form or otherwise).

“Virgin Media Holding Company” means any Person of which the Issuer is a direct or indirect Wholly Owned Subsidiary.

“Virgin Reporting Entity” refers to Virgin Media, or following such election in accordance with paragraph 5 of the covenant described under “—*Certain Covenants—Reports*”, the Issuer or another Parent of the Issuer.

“VMIH” refers to Virgin Media Investment Holdings Limited, a direct wholly-owned subsidiary of the Issuer, together with its successors.

“VMIL” refers to Virgin Media Investments Limited, a direct wholly-owned subsidiary of VMIH, together with its successors.

“Voting Stock” of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors.

“Wholly Owned Subsidiary” means (1) in respect of any Person, a Person, all of the Capital Stock of which (other than directors’ qualifying shares or an immaterial amount of shares required to be owned by other Persons pursuant to applicable law, regulation or to ensure limited liability) is owned by that Person directly or (2) indirectly by a Person that satisfies the requirements of clause (1).

## BOOK-ENTRY SETTLEMENT AND CLEARANCE

### The Global Notes

The Dollar Senior Notes offered hereby are denominated in U.S. dollars, the Euro Senior Notes offered hereby are denominated in euro and the Senior Secured Notes are denominated in pounds sterling.

Each series of Notes sold outside the United States pursuant to Regulation S under the U.S. Securities Act will initially be represented by temporary notes in registered, global form, without interest coupons (the “**Regulation S Global Temporary Notes**”). The Regulation S Global Temporary Notes representing the Dollar Senior Notes (the “**Dollar Regulation S Temporary Global Notes**”) will be deposited upon issuance with a custodian in New York for DTC and registered in the name of Cede & Co., as nominee of DTC. The Regulation S Global Temporary Notes representing the Euro Senior Notes (the “**Euro Regulation S Temporary Global Notes**”) and the Senior Secured Notes (the “**Sterling Regulation S Temporary Global Notes**”) will be deposited, on the Issue Date, with a common depository and registered in the name of the nominee of the common depository for the accounts of Euroclear and Clearstream. Through and including the 40th day after the later of the commencement of this offering and the closing of this offering (such period, through and including such 40th day, the “distribution compliance period” as defined in Regulation S (the “**Resale Restriction Period**”)), beneficial interests in the Regulation S Temporary Global Notes may be held only through Euroclear and Clearstream (as indirect participants in DTC), unless transferred to a person that takes delivery through a 144A Global Note in accordance with the certification requirements described under “—*Transfers*” below. Within a reasonable time period after the expiration of the Resale Restriction Period, the Dollar Regulation S Temporary Global Notes may be exchanged for one or more permanent notes in registered, global form without interest coupons (the “**Dollar Regulation S Permanent Global Notes**” and, together with the “**Dollar Regulation S Temporary Global Notes**”, the “**Dollar Regulation S Global Notes**”), the Euro Regulation S Temporary Global Notes will be exchanged for one or more permanent notes in registered, global form without interest coupons (the “**Euro Regulation S Permanent Global Notes**” and, together with the Euro Regulation S Temporary Global Notes, the “**Euro Regulation S Global Notes**”) and the Sterling Regulation S Temporary Global Notes will be exchanged for one or more permanent notes in registered, global form without interest coupons (the “**Sterling Regulation S Permanent Global Notes**” and, together with the Sterling Regulation S Temporary Global Notes, the “**Sterling Regulation S Global Notes**”), in each case, upon delivery to DTC, Euroclear and/or Clearstream (as applicable) of certification of compliance with the transfer restrictions applicable to the Notes pursuant to Regulation S as provided in the Indentures. The term “**Regulation S Global Notes**” as used herein shall refer to either Regulation S Temporary Global Notes or Regulation S Permanent Global Notes, as the context requires.

Each series of Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the U.S. Securities Act will initially be represented by one or more global notes in registered form, without interest coupons (the “**144A Global Notes**” and, together with the Regulation S Global Notes, the “**Global Notes**”). The 144A global note representing the Dollar Senior Notes (the “**Dollar 144A Global Notes**” and, together with the Dollar Regulation S Global Notes, the “**Dollar Global Notes**”) will be deposited upon issuance with as custodian in New York for DTC and registered in the name of Cede & Co., as nominee of DTC. The 144A global note representing the Euro Senior Notes (the “**Euro 144A Global Notes**” and, together with the Euro Regulation S Global Notes, the “**Euro Global Notes**”), will be deposited, on the Issue Date, with a common depository and registered in the name of the nominee of the common depository for the accounts of Euroclear and Clearstream. The 144A Global Note representing the Senior Secured Notes (the “**Sterling 144A Global Notes**” and, together with the Sterling Regulation S Global Notes, the “**Sterling Global Notes**”), will be deposited, on the Issue Date, with a common depository and registered in the name of the nominee of the common depository for the accounts of Euroclear and Clearstream.

Ownership of interests in the 144A Global Notes (“**144A book-entry interests**”) and ownership of interests in the Regulation S Global Notes (the “**Regulation S book-entry interests**,” and together with the 144A book-entry interests, the “**book-entry interests**”) will be limited to persons that have accounts with DTC, Euroclear and/or Clearstream or persons that may hold interests through such participants. Book-entry interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by DTC, Euroclear and Clearstream and their participants. The book-entry interests in the Dollar Global Notes will be issued only in denominations of \$200,000 and in integral multiples of \$1,000 in excess thereof, the book entry interests in the Sterling Global Notes will be issued only in denominations of £100,000 and integral multiples of £1,000 in excess thereof and the book-entry interests in the Euro Global Notes will be issued only in denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

The book-entry interests will not be held in definitive form. Instead, DTC, Euroclear and/or Clearstream will credit on their respective book-entry registration and transfer systems a participant's account with the interest beneficially owned by such participant. The laws of some jurisdictions, including certain states of the U.S., may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge book-entry interests. In addition, while the Notes are in global form, "holders" of book-entry interests will not be considered the owners of Notes for any purpose. Only the registered holder of a Note will be treated as the owner of such Note.

So long as the Notes are held in global form, DTC, Euroclear and/or Clearstream (or their respective nominees) will be considered the holders of the Global Notes for all purposes under the Indentures. As such, participants must rely on the procedures of DTC, Euroclear and/or Clearstream and indirect participants must rely on the procedures of DTC, Euroclear and/or Clearstream and the participants through which they own book-entry interests in order to exercise any rights of holders under the Indentures.

Neither we nor the Trustee under the Indentures nor any of our respective agents will have any responsibility or be liable for any aspect of the records in relation to the book-entry interests.

### **Redemption of Global Notes**

In the event that any Global Note, or any portion thereof, is redeemed, DTC, Euroclear and/or Clearstream, as applicable, will distribute the amount received by it in respect of the Global Note so redeemed to the holders of the book-entry interests in such Global Note. The redemption price payable in connection with the redemption of such book-entry interests will be equal to the amount received by DTC, Euroclear and/or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). We understand that under existing practices of DTC, Euroclear and/or Clearstream, if fewer than all of the Notes are to be redeemed at any time, DTC, Euroclear and/or Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on any other basis that they deem fair and appropriate; provided that no book-entry interest of less than \$200,000 in the case of the Dollar Global Note, €100,000 in the case of the Euro Global Note or £100,000 in the case of the Sterling Global Note, as applicable, principal amount may be redeemed in part.

### **Payments on Global Notes**

Payments of amounts owing in respect of the Global Notes (including principal, premium, interest, additional interest and additional amounts) will be made by us to a paying agent. The paying agent will, in turn, make such payments to DTC or its nominee (in the case of the Dollar Global Notes) and to the common depository for Euroclear and Clearstream (in the case of the Euro Global Notes or the Sterling Global Notes), which will distribute such payments to participants in accordance with their procedures.

Under the terms of the Indentures, the Issuers and the Trustee will treat the registered holder of the Global Notes (i.e., DTC, Euroclear or Clearstream (or their respective nominees)) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, neither we nor the Trustee or any of our respective agents has or will have any responsibility or liability for:

- any aspects of the records of DTC, Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest, for any such payments made by DTC, Euroclear, Clearstream or any participant or indirect participant, or for maintaining, supervising or reviewing the records of DTC, Euroclear, Clearstream or any participant or indirect participant relating to a book-entry interest or payments made on account of a book-entry interest; or
- DTC, Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of book-entry interests held through participants are the responsibility of such participants, as is now the case with securities held for the accounts of customers registered in "street name."

### **Currency and Payment for the Global Notes**

The principal of, premium, if any, and interest on, and all other amounts payable in respect of (i) the Dollar Global Notes will be paid in U.S. dollars through DTC and (ii) the Euro Global Notes will be paid in euro and the Sterling Global Notes will be paid in pounds sterling, in each case, through Euroclear and Clearstream.

### **Action by Owners of Book-Entry Interests**

DTC, Euroclear and Clearstream have advised us that they will take any action permitted to be taken by a holder of Notes only at the direction of one or more participants to whose account the book-entry interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. DTC, Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the Notes, DTC, Euroclear and Clearstream reserve their right, subject to certain restrictions, to exchange the Global Notes for Definitive Registered Notes (as defined below) in certificated form, and to distribute such Definitive Registered Notes to their respective participants.

### **Issuance of Definitive Registered Notes**

Owners of book-entry interests will receive definitive notes in registered form (“**Definitive Registered Notes**”):

- if DTC (with respect to the Dollar Global Notes) or Euroclear and/or Clearstream (with respect to the Euro Global Notes or the Sterling Global Notes) notifies us that it is unwilling or unable to continue to act and a successor is not appointed by us within 120 days;
- in whole, but not in part, if the Issuers, DTC, (with respect to the Dollar Global Notes), or Euroclear and/or Clearstream (with respect to the Euro Global Notes or the Sterling Global Notes) so request following an Event of Default under the relevant Indenture; or
- if the owner of a book-entry interest requests such exchange in writing delivered through DTC, Euroclear or Clearstream or the Issuers following an event of default under the Indentures.

Euroclear has advised the Issuers that upon request by an owner of a book entry interest described in the immediately preceding clause, its current procedure is to request that the Issuers issue or causes to be issued the relevant Notes in definitive registered form to all owners of book entry interests.

In such an event, the Issuers will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of DTC, Euroclear and/or Clearstream, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of book-entry interests), and such Definitive Registered Notes will bear the restrictive legend referred to in “*Transfer Restrictions*,” unless that legend is not required by the Indentures or applicable law.

The Issuers, the Trustee, the paying agents and the registrar shall treat the registered holder of any Global Note as the absolute owner thereof and no person will be liable for treating the registered holder as such. Ownership of the Global Notes will be evidenced through registration from time to time at the registered office of the Issuers or the registrar on its behalf, and such registration is a means of evidencing title to the Notes.

The Issuers shall not impose any fees or other charges in respect of the Notes; however, owners of the book entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in DTC, Euroclear and/or Clearstream, as applicable.

### **Transfers**

Transfers between participants in DTC will be done in accordance with DTC rules and will be settled in immediately available funds. If a holder requires physical delivery of Definitive Registered Notes for any reason, including to sell the Notes to persons in states which require physical delivery of such securities or to pledge such securities, such holder must transfer its interest in the Global Notes in accordance with the normal procedures of DTC and in accordance with the provisions of the relevant Indenture and will not be entitled to Definitive Registered Notes except as provided in “*Book-Entry Settlement and Clearance—Issuance of Definitive Registered Notes*”.

The Global Notes will bear a legend to the effect set forth in “*Transfer Restrictions*.” Book-entry interests in the Global Notes will be subject to the restrictions on transfer discussed in “*Transfer Restrictions*.”

Through and including the 40th day after the later of the commencement of the offering of the Notes and the closing of the offering (the “**40-day period**”), beneficial interests in a Regulation S Global Note may be transferred to a person who takes delivery in the form of an interest in the 144A Global Note denominated in the same currency only if such transfer is made pursuant to Rule 144A and the transferor first delivers to the Trustee

a certificate (in the form provided in the Indentures) to the effect that such transfer is being made to a person who the transferor reasonably believes is a qualified institutional buyer within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under “*Transfer Restrictions*” and in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

After the expiration of the 40-day period, beneficial interests in a Regulation S Global Note may be transferred to a person who takes delivery in the form of a beneficial interest in the 144A Global Note denominated in the same currency without compliance with these certification requirements.

Beneficial interests in a 144A Global Note may be transferred to a person who takes delivery in the form of a beneficial interest in the Regulation S Global Note denominated in the same currency only upon receipt by the Trustee of a written certification (in the form provided in the relevant Indenture) from the transferor to the effect that such transfer is being made in accordance with Regulation S or Rule 144 under the U.S. Securities Act (if available).

Subject to the foregoing, and as set forth in “*Transfer Restrictions*,” book-entry interests may be transferred and exchanged as described under “*Description of the Senior Secured Notes—Transfer and Exchange*” and “*Description of the Senior Notes—Transfer and Exchange*”.

Any book-entry interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a book-entry interest in the other Global Note of the same denomination will, upon transfer, cease to be a book-entry interest in the first-mentioned Global Note and become a book-entry interest in the other Global Note, and accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to book-entry interests in such other Global Note for as long as it retains such a book-entry interest.

Definitive Registered Notes may be transferred and exchanged for book-entry interests in a Global Note only as described under “*Description of the Senior Secured Notes—Transfer and Exchange*” and “*Description of the Senior Notes—Transfer and Exchange*” and, if required, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the relevant Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such notes. See “*Transfer Restrictions*.”

This paragraph refers to transfers and exchanges with respect to Dollar Global Notes only. Transfers involving an exchange of a Regulation S book-entry interest for 144A book-entry interest in a Dollar Global Note will be done by DTC by means of an instruction originating from the registrar through the DTC Deposit/Withdrawal at Custodian system. Accordingly, in connection with any such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the relevant Regulation S Global Note and a corresponding increase in the principal amount of the corresponding 144A Global Note. The policies and practices of DTC may prohibit transfers of unrestricted book-entry interests in the Regulation S Global Note prior to the expiration of the 40 days after the date of initial issuance of the Notes. Any book-entry interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a book-entry interest in any other global note will, upon transfer, cease to be a book-entry interest in the first-mentioned Global Note and become a book-entry interest in such other Global Note, and accordingly will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to book-entry interests in such other Global Note for as long as it remains such a book-entry interest.

### **Information Concerning DTC, Euroclear and Clearstream**

All book-entry interests will be subject to the operations and procedures of DTC, Euroclear and Clearstream as applicable. We provide the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. Neither we nor the Initial Purchasers are responsible for those operations or procedures.

DTC has advised us that it is:

- a limited purpose trust company organized under New York Banking Law;
- a “banking organization” under New York Banking Law;
- a member of the Federal Reserve System;
- a “clearing corporation” within the meaning of the New York Uniform Commercial Code; and
- a “clearing agency” registered under Section 17A of the Exchange Act.

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of transactions among its participants. It does this through electronic book-entry changes in the accounts of securities participants, eliminating the need for physical movement of securities certificates. DTC participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC's owners are the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. and a number of its direct participants. Others, such as banks, brokers and dealers and trust companies that clear through or maintain a custodial relationship with a direct participant also have access to the DTC system and are known as indirect participants.

Like DTC, Euroclear and Clearstream hold securities for participating organizations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Because DTC, Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the DTC, Euroclear or Clearstream systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definite certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such persons may be limited. In addition, owners of beneficial interests through the DTC, Euroclear or Clearstream systems will receive distributions attributable to the Global Notes only through DTC, Euroclear or Clearstream.

#### **Global Clearance and Settlement under the Book-Entry System**

The Issuers has made an application to have the Notes represented by the Global Notes listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market of the Luxembourg Stock Exchange, and interests in the Dollar Global Notes will trade in DTC's Same Day Funds Settlement System, and any permitted secondary market trading activity in such Notes will, therefore, be required by DTC to be settled in immediately available funds. Subject to compliance with the transfer restrictions applicable to the Global Notes, cross market transfers of interests in the Dollar Global Notes and Sterling Global Notes between participants in Euroclear or Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures. Cross-market transfers with respect to interests in Dollar Global Notes between participants in DTC, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be done through DTC in accordance with DTC's rules on behalf of each of Euroclear or Clearstream by the common depository; however, such cross market transactions will require delivery of instructions to Euroclear or Clearstream by the counterparty in such system in accordance with the rules and regulations and within the established deadlines of such system (Brussels time). Euroclear or Clearstream will, if the transaction meets its settlement requirements, deliver instructions to the common depository to take action to effect final settlement on its behalf by delivering or receiving interests in the Global Notes from DTC, and making and receiving payment in accordance with normal procedures for same day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the common depository.

Because of time-zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a Global Note from a DTC participant will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day (which must be a business day for Euroclear or Clearstream) immediately following the settlement date of DTC. Cash received in Euroclear and Clearstream as a result of a sale of an interest in a Global Note by or through a Euroclear or Clearstream participant to a participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following DTC's settlement date.

Although DTC, Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in DTC, Euroclear and Clearstream, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures



may be discontinued or modified at any time. None of the Issuers, the Trustee or any paying agent will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants, of their respective obligations under the rules and procedures governing their operations.

The book-entry interests will trade through participants of DTC, Euroclear and Clearstream and will settle in same-day funds. Since the purchaser determines the place of delivery, it is important to establish at the time of trading of any book-entry interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

### **Initial Settlement**

Initial settlement for the Senior Secured Notes has been made in pounds sterling. Initial settlement for the Dollar Senior Notes has been made in U.S. dollars and initial settlement for the Euro Senior Notes will be made in euro. Book-entry interests owned through DTC, Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional bonds in registered form. Book-entry interests will be credited to the securities custody accounts of DTC, Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

### **Secondary Market Trading**

The book-entry interests will trade through participants of DTC, Euroclear and Clearstream and will settle in same-day funds. Since the purchaser determines the place of delivery, it is important to establish at the time of trading of any book-entry interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

## CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a description of certain U.S. federal income tax considerations relevant to the acquisition, ownership, and disposition of the Notes by a U.S. Holder (as defined below). This description only applies to Notes held as capital assets (generally, property held for investment) and does not address, except as set forth below, aspects of U.S. federal income taxation that may be applicable to holders that are subject to special tax rules, such as:

- banks or other financial institutions;
- insurance companies;
- real estate investment trusts, individual retirement accounts or other tax deferred accounts;
- regulated investment companies;
- grantor trusts;
- tax-exempt organizations;
- persons that will own the Notes through partnerships or other pass-through entities;
- dealers or traders in securities or currencies;
- U.S. Holders that have a functional currency other than the U.S. dollar;
- certain former citizens and long-term residents of the United States;
- U.S. Holders that use a mark-to-market method of accounting; or
- U.S. Holders that will hold a Note as part of a position in a straddle or as part of a hedging, conversion or integrated transaction for U.S. federal income tax purposes.

Moreover, this description does not address the U.S. federal estate and gift tax or alternative minimum tax consequences of the acquisition, ownership, and disposition of the Notes and does not address the 3.8% Medicare tax on net investment income that can apply to certain U.S. holders' capital gains and interest in respect of the Notes. This description also does not address the U.S. federal income tax treatment of holders that do not acquire the Notes as part of the initial distribution at their initial issue price (generally, the first price to the public at which a substantial amount of the Notes is sold for money). Each prospective purchaser should consult its own tax advisor with respect to the U.S. federal, state, local and non-U.S. tax consequences of acquiring, holding and disposing of the Notes.

This description is based on the Code, U.S. Treasury Regulations promulgated thereunder ("**Treasury Regulations**"), administrative pronouncements and judicial decisions, each as available and in effect on the date hereof. All of the foregoing are subject to change or differing interpretations (possibly with retroactive effect), which could affect the tax considerations described herein. No opinion of counsel or ruling from the Internal Revenue Service ("**IRS**") has been or will be given with respect to any of the considerations discussed herein. No assurances can be given that the IRS would not assert, or that a court would not sustain, a position different from any of the tax considerations discussed below.

For purposes of this description, a U.S. Holder is a beneficial owner of the Notes who for U.S. federal income tax purposes is:

- a citizen or individual resident of the United States;
- a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) organized in or under the laws of the United States or any State thereof, including the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust (1) that validly elects to be treated as a U.S. person for U.S. federal income tax purposes or (2)(a) the administration over which a U.S. court can exercise primary supervision and (b) all of the substantial decisions of which one or more U.S. persons have the authority to control.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds the Notes, the tax treatment of the partnership and a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Such partner or partnership should consult its own tax advisor as to its consequences.

## Redemptions and Additional Amounts

In certain circumstances (see “*Description of the Senior Secured Notes—Optional Redemption*”, “*Description of the Senior Notes—Optional Redemption*”, “*Description of the Senior Secured Notes—Certain Covenants*” and “*Description of the Senior Notes—Certain Covenants*”), the Issuers may be obligated to make payments in excess of stated interest and the adjusted issue price of the Notes (“**Additional Amounts**”) or redeem the Notes in advance of their expected maturity. The Issuers believe, and intend to take the position if required, that the Notes should not be treated as contingent payment debt instruments because of the possibility of such payments or redemptions. This position is based in part on assumptions regarding the likelihood, as of the date of issuance of the Notes, of such payments or redemptions. Assuming such position is respected, any amounts paid to a U.S. Holder pursuant to any such redemption would be taxable as described below in “*—Sale, Exchange, Retirement or Taxable Disposition by a U.S. Holder*” and any payments of Additional Amounts should be taxable as additional ordinary income when received or accrued, in accordance with such holder’s method of accounting for U.S. federal income tax purposes. The IRS may, however, take a position contrary to the position described above, which could affect the amount, timing and character of a U.S. Holder’s income with respect to the Notes. A U.S. Holder that desires to take the position that the Notes are subject to the contingent payment debt instrument rules should consult with its tax advisor, including regarding the manner in which to disclose such position as required by applicable U.S. Treasury Regulations; the IRS may disagree with such holder’s contrary position. U.S. Holders should consult their tax advisors regarding the potential application to the Notes of the contingent payment debt instrument rules and the consequences thereof. This discussion assumes that the Notes are not treated as contingent payment debt instruments.

## Payments and Accruals of Stated Interest

Stated interest paid on the Notes generally will be treated as “qualified stated interest.” Payments of qualified stated interest on the Notes (including any additional amounts paid in respect of withholding taxes and without reduction for any amounts withheld) generally will be taxable to a U.S. Holder as ordinary interest income at the time it is received or accrued, depending on the U.S. Holder’s method of accounting for U.S. federal income tax purposes, as detailed below. The term “qualified stated interest” generally means stated interest that is unconditionally payable in cash or property (other than debt instruments of the Issuers), or that is treated as constructively received, at least annually at a single fixed rate.

In the case of Euro Senior Secured Notes or Sterling Senior Notes (each a “**Foreign Currency Note**”), stated interest paid in foreign currency will be included in a U.S. Holder’s gross income in an amount equal to the U.S. dollar value of the foreign currency, including the amount of any withholding tax thereon, regardless of whether the foreign currency is converted into U.S. dollars. Generally, a U.S. Holder that uses the cash method of tax accounting will determine such U.S. dollar value using the spot rate of exchange on the date of receipt. A cash method U.S. Holder generally will not realize foreign currency gain or loss on the receipt of the interest payment but may have foreign currency gain or loss attributable to the actual disposition of the foreign currency received. Generally, a U.S. Holder that uses the accrual method of tax accounting will determine the U.S. dollar value of accrued interest income using the average rate of exchange for the accrual period (or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within each taxable year). Alternatively, an accrual basis U.S. Holder may make an election (which must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS) to translate accrued interest income at the spot rate of exchange on the last day of the accrual period (or the last day of the portion of the accrual period within each taxable year in the case of a partial accrual period) or the spot rate on the date of receipt, if that date is within five business days of the last day of the accrual period. A U.S. Holder that uses the accrual method of accounting for tax purposes will recognize foreign currency gain or loss on the receipt of an interest payment if the exchange rate in effect on the date the payment is received differs from the rate used in translating the accrual of that interest. The amount of foreign currency gain or loss to be recognized by such U.S. Holder will be an amount equal to the difference between the U.S. dollar value of the foreign currency interest payment (determined on the basis of the spot rate on the date the interest income is received) in respect of the accrual period and the U.S. dollar value of the interest income that has accrued during the accrual period (as determined above) regardless of whether the payment is converted to U.S. dollars. This foreign currency gain or loss will be ordinary income or loss and generally will not be treated as an adjustment to interest income or expense. Foreign currency gain or loss generally will be U.S. source provided that the residence of a taxpayer is considered to be the United States for purposes of the rules regarding foreign currency gain or loss.

Interest including original issue discount (“**OID**”), if any, included in a U.S. Holder’s gross income with respect to the Notes are treated as foreign source income for U.S. federal income tax purposes. The limitation on non-U.S. taxes eligible for the U.S. foreign tax credit is calculated separately with respect to specific “baskets” of income. For this purpose, interest should generally constitute “passive category income,” or in the case of

certain U.S. Holders, “general category income.” Any non-U.S. withholding tax paid by a U.S. Holder at the rate applicable to the U.S. Holder may be eligible for foreign tax credits (or deduction in lieu of such credits) for U.S. federal income tax purposes, subject to applicable limitations. U.S. Holders should consult their own tax advisors regarding the availability of foreign tax credits.

### **Original Issue Discount**

One or more series of the Notes may be treated as issued with OID for U.S. federal income tax purposes. An obligation generally is treated as having been issued with OID for U.S. federal income tax purposes if its “stated redemption price at maturity” exceeds its issue price by at least the “OID de minimis amount”. The OID de minimis amount equals 1/4 of 1% of the debt instrument’s stated redemption price at maturity multiplied by the number of complete years from its issue date to its maturity. The “stated redemption price at maturity” of a Note is the sum of all payments required to be made on the Note other than qualified stated interest payments.

If a series of the Notes is issued with OID, a U.S. Holder of such a Note generally will be required to include OID in income before the receipt of the associated cash payment, regardless of such U.S. Holder’s accounting method for tax purposes. The amount of OID a U.S. Holder should include in income is the sum of the “daily portions” of the OID for the Note for each day during the taxable year (or portion of the taxable year) in which the Note is held by such U.S. Holder. The daily portion is determined by allocating a pro rata portion of the OID for each day of the accrual period. An accrual period may be of any length and the accrual periods may vary in length over the term of the Note, provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs either on the first day of an accrual period or on the final day of an accrual period. The amount of OID allocable to an accrual period is equal to the difference between (1) the product of the “adjusted issue price” of the Note at the beginning of the accrual period and its yield to maturity (computed generally on a constant yield method and compounded at the end of each accrual period, taking into account the length of the particular accrual period) and (2) the amount of any qualified stated interest allocable to the accrual period. The “adjusted issue price” of a Note at the beginning of any accrual period is the sum of the issue price of the Note plus the amount of OID allocable to all prior accrual periods reduced by any payments received on the Note that were not qualified stated interest.

Under these rules, a U.S. Holder generally will have to include in income increasingly greater amounts of OID in successive accrual periods. OID allocable to a final accrual period is the difference between the amount payable at maturity (other than a payment of qualified stated interest) and the adjusted issue price at the beginning of the final accrual period. Under the Treasury Regulations, a holder of a Note with OID may elect to include in gross income all interest that accrues on the Note using the constant yield method. Once made with respect to the Note, the election cannot be revoked without the consent of the IRS. A U.S. Holder considering an election under these rules should consult its own tax advisor.

U.S. Holders may obtain information regarding the amount of OID, if any, the issue price, the issue date and yield to maturity of a series of Notes by contacting the Chief Financial Officer, Media House, Bartley Wood Business Park, Bartley Way, Hook, Hampshire, RG27 9UP, United Kingdom.

Any OID on a Foreign Currency Note generally will be determined for any accrual period in foreign currency and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder. Upon receipt of an amount attributable to OID (whether in connection with a sale or disposition of such Note or otherwise), a U.S. Holder generally will recognize foreign currency gain or loss in an amount determined in the same manner as stated interest received by an accrual basis holder, as described above. Holders are urged to consult their own tax advisors regarding the interplay between the application of the OID and foreign currency exchange gain or loss rules. For these purposes, all receipts on a Note will be viewed first, as payments of stated interest payable on the Note; second, as receipts of previously accrued OID (to the extent thereof), with payments considered made for the earliest accrual periods first; and third, as receipts of principal.

The rules regarding OID are complex. U.S. Holders are urged to consult their own tax advisors regarding the application of these rules to their particular situations.

### **Possible Effect of Certain Transactions Including Reorganizations, Mergers and Consolidations**

The Issuers may engage in certain transactions, including reorganizations, mergers and consolidations as described above under “*Description of the Senior Secured Notes—Post-Closing Reorganizations*”, “*Description of the Senior Notes—Post-Closing Reorganizations*”, “*Description of the Senior Secured Notes—Merger and Consolidation*” and “*Description of the Senior Notes—Merger and Consolidation*”. Depending on the circumstances, a change in the obligor of the Notes as a result of the transaction could result in a deemed taxable

exchange to a U.S. Holder and the modified Note could be treated as newly issued at that time, potentially resulting in the recognition of taxable gain or loss.

### **Sale, Exchange, Retirement or Other Taxable Disposition by a U.S. Holder**

A U.S. Holder generally will recognize gain or loss on the sale, exchange, retirement or other taxable disposition of a Note equal to the difference, if any, between the amount realized on such sale, exchange, retirement or other taxable disposition (other than any amount received in respect of accrued and unpaid interest, which will be subject to tax in the manner described above in “—*Payments and Accruals of Stated Interest*” to the extent not previously included in income), and the U.S. Holder’s adjusted tax basis in such Note.

A U.S. Holder’s adjusted tax basis in a Note generally will be its U.S. dollar cost increased by the amount of any OID previously included in income and decreased by payments other than stated interest made with respect to the Note. If a U.S. Holder purchases a Foreign Currency Note with foreign currency, the U.S. dollar cost of the Foreign Currency Note generally will be the U.S. dollar value of the purchase price on the date of purchase calculated at the spot rate of exchange on that date. The amount realized upon the disposition of a Foreign Currency Note generally will be the U.S. dollar value of the amount received on the date of the disposition calculated at the spot rate of exchange on that date. However, if the Foreign Currency Note is traded on an established securities market, a cash basis U.S. Holder (and, if it so elects, an accrual basis U.S. Holder) should determine the U.S. dollar value of the cost of or amount received on the Foreign Currency Note, as applicable, by translating the amount paid or received at the spot rate of exchange on the settlement date of the purchase or disposition, as applicable. The election available to accrual basis U.S. Holders in respect of the purchase and disposition of Foreign Currency Notes traded on an established securities market must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS.

Subject to the foreign currency rules discussed below in the case of a Foreign Currency Note, any gain or loss recognized on the sale, exchange, retirement or other taxable disposition of a Note will be capital gain or loss, and will be long-term capital gain or loss if the Note has been held for more than one year. Long-term capital gain of a non-corporate U.S. Holder generally is taxed at preferential rates. The ability of a U.S. Holder to offset capital losses against ordinary income is limited. Any gain or loss recognized on the sale, exchange, retirement or other taxable disposition of a Note generally will be treated as gain or loss from sources within the United States.

In the case of a Foreign Currency Note, gain or loss recognized by a U.S. Holder on the sale, exchange, retirement or other taxable disposition of a Note generally will be treated as ordinary income or loss to the extent that the gain or loss is attributable to changes in foreign currency exchange rates during the period in which the U.S. Holder held such Note. Such foreign currency gain or loss will equal the difference between (i) the U.S. dollar value of the U.S. Holder’s foreign currency purchase price for the Note calculated at the spot rate of exchange on the date of the sale, exchange, retirement or other taxable disposition and (ii) the U.S. dollar value of the U.S. Holder’s foreign currency purchase price for the Note calculated at the spot rate of exchange on the date of purchase of the Note. If the Note is traded on an established securities market, with respect to a cash basis U.S. Holder (and, if it so elects, an accrual basis U.S. Holder), such foreign currency gain or loss will equal the difference between (x) the U.S. dollar value of the U.S. Holder’s foreign currency purchase price for the Note calculated at the spot rate of exchange on the settlement date of the disposition and (y) the U.S. dollar value of the U.S. Holder’s foreign currency purchase price for the Note calculated at the spot rate of exchange on the settlement date of the purchase of the Note. The realization of any foreign currency gain or loss, including foreign currency gain or loss with respect to amounts attributable to accrued and unpaid stated interest and any OID, will be limited to the amount of overall gain or loss realized on the disposition of the Notes.

### **Exchange of Amounts in Other than U.S. Dollars**

If a U.S. Holder receives foreign currency as interest on a Foreign Currency Note or on the sale, exchange, retirement or other taxable disposition of a Foreign Currency Note, such U.S. Holder’s tax basis in the foreign currency will equal the U.S. dollar value when the foreign currency is received. If a U.S. Holder purchased a Foreign Currency Note with previously owned foreign currency, gain or loss on such currency will be recognized in an amount equal to the difference, if any, between the U.S. Holder’s tax basis in such currency and the spot rate on the date of purchase of the Foreign Currency Note. Any such gain or loss generally will be treated as ordinary income or loss from sources within the United States provided that the residence of the U.S. Holder is considered to be the United States for purposes of the rule governing foreign currency transactions.

## Reportable Transaction Reporting

Under certain U.S. Treasury Regulations, U.S. Holders that participate in “reportable transactions” (as defined in the regulations) must attach to their U.S. federal income tax returns a disclosure statement on IRS Form 8886. Under the relevant rules, a U.S. Holder may be required to treat a foreign currency exchange loss from the Notes as a reportable transaction if this loss exceeds the relevant threshold in the regulations. U.S. Holders should consult their own tax advisors as to the possible obligation to file IRS Form 8886 with respect to the ownership or disposition of the Notes, or any related transaction, including without limitation, the disposition of any non-U.S. currency received as interest or as proceeds from the sale, exchange, retirement or other taxable disposition of the Notes.

## Additional Notes

The Issuers may issue additional Notes as described under “*Description of the Senior Secured Notes*” and “*Description of the Senior Notes*” (the “**Additional Notes**”). These Additional Notes, even if they are treated for non-tax purposes as part of the same series as the original Notes, in some cases may not be fungible with the original Notes for U.S. federal income tax purposes, which may affect the market value of the original Notes even if the Additional Notes are not otherwise distinguishable from the original Notes.

## U.S. Backup Withholding Tax and Information Reporting

Backup withholding and information reporting requirements may apply to certain payments of principal of, and interest and accruals of OID, if any, on, an obligation and to proceeds of the sale, exchange, retirement or other taxable disposition of an obligation, to certain U.S. Holders. The payor will be required to withhold backup withholding tax on payments made within the United States, or by a U.S. payor or U.S. middleman or certain of their affiliates, on a Note to, or from gross proceeds of the sale or disposition of a Note paid to, a U.S. Holder if the U.S. Holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, the backup withholding requirements.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a holder’s U.S. federal income tax liability. A holder may obtain a refund of any excess amounts withheld under the backup withholding rules by filing the appropriate claim for a refund with the IRS and furnishing any required information in a timely manner.

Certain U.S. Holders are required to report information relating to an interest in the Notes, subject to certain exceptions (including an exception for Notes held in custodial accounts maintained by certain financial institutions). U.S. Holders are urged to consult their own tax advisors regarding the effect, if any, of this requirement on their ownership and disposition of the Notes.

## FATCA

Legislation referred to as the Foreign Account Tax Compliance Act (“**FATCA**”) generally may impose withholding at a rate of 30% on payments made to any foreign entity on debt obligations generating U.S. source interest or certain other debt obligations generating non-U.S. source interest issued by a foreign financial institution that (i) enters into certain agreements with the IRS or (ii) becomes subject to provisions of local law intended to implement an intergovernmental agreement entered into pursuant to FATCA, in each case to the extent such payments are attributable to U.S. source income, unless the foreign entity receiving such payments complies with various U.S. information reporting and/or due diligence requirements (generally relating to ownership by U.S. persons of interests in or accounts with such foreign entity) or otherwise qualifies for an exemption. Withholding on payments on debt obligations issued by foreign financial institutions, including on debt obligations generating non-U.S. source interest, will not occur before 2017. Notwithstanding the foregoing, even if payments on the Notes are treated as or are paid from a foreign financial institution, including in the event the Issuers are treated as a foreign financial institution, and such payments are treated as “foreign passthru payments,” the Notes will be grandfathered because no final regulations defining a “foreign passthru payment” have been issued and therefore are not subject to the FATCA rules (including the withholding rules) described above. If, however, the Notes are modified at a time when the grandfathering rules are no longer available (i.e., more than six months after the date final regulations define a “foreign passthru payment”), withholding can apply and holders and beneficial owners of the Notes will not be entitled to receive any additional amounts to compensate them for such withholding. In addition, if Additional Notes are issued after the expiration of the grandfathering period, have the same CUSIP or ISIN as the Notes issued hereby, and are subject to withholding under FATCA, then withholding agents may treat all notes, including the Notes issued hereby, as subject to withholding under FATCA. An intergovernmental agreement between the United States and a foreign country

where a holder or intermediary is located may modify the requirements in this paragraph. Holders should consult their tax advisors regarding the possible implications of this legislation on their investment in the Notes.

**The above description is not intended to constitute a complete analysis of all tax consequences relating to the acquisition, ownership and disposition of the Notes. Prospective purchasers of the Notes should consult their own tax advisors concerning the tax consequences of their particular situations.**

## MATERIAL UNITED KINGDOM TAX CONSIDERATIONS

The following is a general guide to material U.K. tax considerations relating to the Notes based on current U.K. law and published practice of HM Revenue & Customs. It does not purport to be a complete analysis of all U.K. tax considerations relating to the Notes. It applies only to persons who are the absolute beneficial owners of Notes and some aspects do not apply to some classes of taxpayer. Prospective holders of Notes who may be subject to tax in a jurisdiction other than the U.K. or who are in any doubt as to their tax position should consult their own professional advisers.

### Payment of Interest

The Notes constitute “quoted Eurobonds” within the meaning of section 987 of the Income Tax Act 2007 (the “**2007 Act**”), as long as they are and continue to be listed on a “recognized stock exchange” within the meaning of section 1005 of the 2007 Act. The Luxembourg Stock Exchange is such a “recognized stock exchange.” The Notes will satisfy this requirement if they are officially listed in Luxembourg in accordance with provisions corresponding to those generally applicable in EEA states and are admitted to trading on the Euro MTF Market in accordance with the rules of the Luxembourg Stock Exchange. Provided that this condition remains satisfied, payments of interest on the Notes may be made without deduction or withholding for or on account of U.K. tax.

In the event that the Notes are not or cease to be listed on a recognized stock exchange, payments of interest must be made under deduction of income tax at the basic rate, currently 20 per cent, subject to any direction to the contrary by HM Revenue & Customs under an applicable double taxation treaty, unless payments are made to some categories of recipients, including companies which the relevant Issuer reasonably believes are subject to U.K. corporation tax in respect of the payment of interest.

Interest on the Notes may be subject to income tax by direct assessment even where paid without deduction or withholding for or on account of U.K. income tax. Interest on the Notes received without deduction or withholding for or on account of U.K. tax will not generally be chargeable to U.K. tax in the hands of a holder of Notes who is not resident for tax purposes in the U.K. (other than in the case of certain trustees) unless that holder of Notes carries on a trade, profession or vocation in the U.K. through a U.K. branch or agency, or for holders of Notes who are companies through a U.K. permanent establishment, in connection with which the interest is received or to which the Notes are attributable. There are exemptions from U.K. tax for interest received through certain categories of agent, such as some brokers and investment managers. The provisions of any applicable double tax treaty may be relevant to such a holder of Notes.

The provisions relating to additional payments referred to under “*Description of the Senior Secured Notes—Withholding Taxes*” and “*Description of the Senior Notes—Withholding Taxes*” would not apply if HM Revenue & Customs sought to assess the person entitled to the interest directly to U.K. income tax. Exemption from or reduction of U.K. tax liability might be available under an applicable double taxation treaty.

### Payments by a Guarantor

If a guarantor makes any payments in respect of interest on the Notes (or other amounts due under the Notes other than the repayment of amounts subscribed for the Notes), it is possible that such payments may be subject to deduction or withholding for or on account of U.K. income tax at the basic rate (currently 20 per cent), subject to any claim which could be made under an applicable double taxation treaty. Such payments by a guarantor may not be eligible for the quoted Eurobonds exemption described above.

### Provision of Information

Holders of Notes should note that where any interest on Notes is paid to them (or to any person acting on their behalf) by the relevant Issuer or any person in the U.K. acting on behalf of that Issuer (a “**paying agent**”), or is received by any person in the U.K. acting on behalf of the relevant holder (other than solely by clearing or arranging the clearing of a check) (a “**collecting agent**”), then the Issuer, the paying agent or the collecting agent (as the case may be) may, in certain cases, be required to supply to HM Revenue & Customs details of the payment and certain details relating to the holder (including the holder’s name and address). These provisions will apply whether or not the interest has been paid subject to deduction or withholding for or on account of U.K. income tax and whether or not the holder is resident in the U.K. for U.K. taxation purposes. Where the holder is not so resident, the details provided to HM Revenue & Customs may, in certain cases, be passed by HM Revenue & Customs to the tax authorities of the jurisdiction in which the holder is resident for taxation purposes.



For the above purposes, “interest” should be taken, for practical purposes, as including payments made by a guarantor in respect of interest on the Notes.

The provisions referred to above may also apply to payments made on redemption of any Notes where the amount payable on redemption is greater than the issue price of the Notes.

Under EU Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments (the “**Savings Directive**”), each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual (or certain other kinds of person) resident in that other Member State. However, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, (deducting tax at a rate of 35 per cent) unless during such period, they elect to do otherwise. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries and certain dependent or associated territories of certain Member States have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a Member State. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories.

The European Commission has published proposals for amendments to the Savings Directive, which, if implemented, would amend and broaden the scope of the requirements above.

In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from January 1, 2015, in favor of automatic information exchange under the Directive.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of tax were to be withheld from, or in respect of, that payment, neither the relevant Issuers nor any paying agent nor any other person would be obliged to pay additional amounts to the holders of Notes or to otherwise compensate holders for the reduction in the amounts that they will receive as a result of the imposition of such withholding tax. However, the Issuers are required to maintain a paying agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Savings Directive.

## **Sale, Exchange and Redemption of Notes**

### ***U.K. Corporation Taxpayers***

In general, a holder of Notes which is subject to U.K. corporation tax will be treated for U.K. tax purposes as realizing profits, gains or losses in respect of the Notes under the “loan relationship” rules in Part 5 of the Corporation Tax Act 2009 on a basis reflecting the treatment in its statutory accounts, calculated in accordance with generally accepted accounting practice. These profits, gains or losses will be taken into account in computing income for U.K. corporation tax purposes.

Exchange gains and losses on the Notes will be treated for U.K. tax purposes as included within the profits, gains and losses realized in respect of the Notes and thereby taxable under the loan relationship rules referred to above.

### ***Other U.K. Taxpayers***

The Notes are likely to constitute “deeply discounted securities” under the legislation contained in Chapter 8 of Part 4 of Income Tax (Trading and Other Income) Act 2005 (although arguments may be made to the contrary). As such, any profit (the amount by which any sum payable on the transfer or redemption of a Note exceeds its acquisition price) arising on the transfer or redemption of such a Note by an individual holder who is resident in the U.K. or who carries on a trade, profession or vocation in the U.K. through a branch or agency to which such Note is attributable would be taxed as income. In calculating any profit on disposal of such a Note, sterling values are likely to be compared at acquisition and transfer or redemption. Accordingly, in respect of the Senior Notes, a U.K. taxable profit (but no allowable loss) can arise even where the non-sterling amount received on a disposal is less than or the same as the amount paid for such Note. No income tax relief in respect of any losses arising on transfers or redemptions of the Notes will be allowed for U.K. income tax purposes. If

the Notes are not “deeply discounted securities”, any discount on such a Note may still be treated as income in nature and taxable as interest as it arises.

The accrued income scheme rules will not apply to any transfer of such a Note if such Notes are deeply discounted securities”. If the Notes are not “deeply discounted securities”, the accrued income scheme rules set out in Part 12 of the 2007 Act will apply and, on a transfer of the Notes, any interest which has accrued since the last interest payment date (or issue) may be charged to U.K. tax as income. Holders of Notes are advised to consult their own professional advisors for further information about the accrued income scheme.

The Senior Secured Notes should constitute “qualifying corporate bonds” whether or not they are deeply discounted securities. As such, a disposal of a Sterling Note by an individual holder who is resident in the U.K. or who carries on a trade, profession or vocation in the U.K. through a branch or agency to which such Note is attributable should not give rise to a chargeable gain or allowable loss for the purposes of U.K. tax on chargeable gains.

If the Senior Notes are deeply discounted securities, they should also constitute “qualifying corporate bonds”. Accordingly, the tax treatment for an individual holder on disposal of a Non-Sterling Note should be the same as the Senior Secured Notes described above. If the Senior Notes are not deeply discounted securities they should not constitute “qualifying corporate bonds”. Accordingly, disposal of such a Note by an individual holder who is resident in the U.K. or who carries on a trade, profession or vocation in the U.K. through a branch or agency to which such a Note is attributable may give rise to a chargeable gain or allowable loss for the purposes of U.K. tax on chargeable gains, depending on individual circumstances. In calculating any gain or allowable loss on disposal of such a Note, sterling values are compared at acquisition and transfer or redemption. Accordingly, a U.K. taxable gain can arise even where the non-sterling amount received on a disposal is less than or the same as the amount paid for such a Note.

#### ***Holders who are not Resident in the United Kingdom***

A body corporate, that is neither resident in the U.K. nor carrying on a trade in the U.K. through a permanent establishment, will not generally be liable for U.K. corporation tax on profits, gains and losses on, or fluctuations in value of, the Notes. Other holders of Notes who are not resident for tax purposes in the U.K. and who do not carry on a trade, profession or vocation in the U.K. through a branch or agency to which the Notes are attributable will not generally be liable to U.K. tax on chargeable gains realized on or profits arising on the disposal of their Notes.

#### **Stamp Duty and Stamp Duty Reserve Tax**

No U.K. stamp duty or stamp duty reserve tax is payable on the issue of the Notes or on a transfer of the Notes.

## CERTAIN EMPLOYEE BENEFIT PLAN CONSIDERATIONS

The U.S. Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), imposes certain fiduciary standards and certain other requirements on “employee benefit plans” (as defined in Section 3(3) of ERISA) that are subject to ERISA, including entities such as collective investment funds, certain insurance company separate accounts, certain insurance company general accounts, and entities whose underlying assets are treated as being subject to ERISA (collectively, “**ERISA Plans**”), and on those persons who are fiduciaries with respect to ERISA Plans. Any person who exercises any discretionary authority or control over the administration of an ERISA Plan or the management or disposition of the assets of such an ERISA Plan, or who renders investment advice for a fee or other compensation to such an ERISA Plan, is generally considered to be a fiduciary of the ERISA Plan under ERISA. Investments by ERISA Plans are subject to ERISA’s general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan’s investments be made in accordance with the documents governing the ERISA Plan and the applicable provisions of ERISA, the Code or any Similar Laws (as defined below).

Section 406 of ERISA and Section 4975 of the Code, prohibit certain transactions involving the assets of an ERISA Plan, as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts and Keogh plans (together with ERISA Plans, “**Plans**”), and certain persons (referred to as “parties in interest” under Section 3(14) of ERISA or “disqualified persons” under Section 4975 of the Code) having certain relationships to Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes and/or other liabilities under ERISA and the Code, and the transaction may have to be rescinded.

Prohibited transactions within the meaning of Section 406 of ERISA or Section 4975 of the Code may arise if the Notes are acquired with the assets of a Plan with respect to which the Issuers, the Initial Purchasers or the Trustee, or any of their respective affiliates, is a party in interest or a disqualified person. Even if none of the Issuers, the Initial Purchasers or the Trustee is a party in interest or a disqualified person, a prohibited transaction may arise if the fiduciary authorizing the investment has an interest in or affiliation with any of the foregoing parties that may affect his, her or its judgment as a fiduciary. Certain exemptions from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code may be applicable, however, depending in part on the type of Plan fiduciary making the decision to acquire a Note and the circumstances under which such decision is made. Included among these exemptions are Prohibited Transaction Class Exemption (“**PTCE**”) 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by “independent qualified professional asset managers”), PTCE 90-1 (relating to investments by insurance company pooled separate accounts), PTCE 95-60 (relating to investments by insurance company general accounts), and PTCE 96-23 (relating to transactions effected by in-house asset managers), (“**Investor-Based Exemptions**”). There is also a statutory exemption that may be available under Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code to a party in interest that is a service provider to a Plan investing in the Notes for adequate consideration, provided such service provider is not (i) the fiduciary with respect to the Plan’s assets used to acquire the Notes or an affiliate of such fiduciary or (ii) an affiliate of the employer sponsoring the Plan (the “**Service Provider Exemption**”). Adequate consideration means fair market as determined in good faith by the Plan fiduciary pursuant to regulations to be promulgated by the Department of Labor. However, there can be no assurance that any of these Investor-Based Exemptions or the Service Provider Exemption or any other administrative or statutory exemption will be available with respect to any particular transaction involving the Notes.

Governmental plans, certain church plans and certain non-U.S. plans, while not subject to the fiduciary responsibility or prohibited transaction provisions of ERISA or the provisions of Section 4975 of the Code, may nevertheless be subject to U.S. federal, state, local, non-U.S. or other laws or regulations (such as the prohibited transaction rules of Section 503 of the Code) that are substantially similar to the foregoing provisions of ERISA or the Code (“**Similar Laws**”).

The purchase of the Notes using the assets of a Plan might be deemed to be a violation of the prohibited transaction rules of Section 406 of ERISA and/or Section 4975 of the Code for which no exemption may be available. Accordingly, the Notes may not be purchased using the assets of any Plan if the Issuers, the Initial Purchasers, the Trustee or their respective affiliates is the sponsor of, or Fiduciary to, such Plan in the absence of an applicable exemption.

EACH ACQUIRER AND EACH TRANSFEREE OF A NOTE OR ANY INTEREST THEREIN WILL BE DEEMED TO REPRESENT, WARRANT AND AGREE AT THE TIME OF ITS ACQUISITION AND

THROUGHOUT THE PERIOD THAT IT HOLDS SUCH NOTE OR ANY INTEREST THEREIN THAT (1) EITHER (A) IT IS NOT, AND IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN WILL NOT BE ACTING ON BEHALF OF) AN EMPLOYEE BENEFIT PLAN, AS DEFINED IN SECTION 3(3) OF ERISA, THAT IS SUBJECT TO THE PROVISIONS OF PART 4 OF SUBTITLE B OF TITLE I OF ERISA, A PLAN TO WHICH SECTION 4975 OF THE CODE APPLIES, OR AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" (WITHIN THE MEANING OF 29 C.F.R. SECTION 2510.3-101 (AS MODIFIED BY SECTION 3(42) OF ERISA)) BY REASON OF A PLAN'S INVESTMENT IN SUCH ENTITY (EACH, A "BENEFIT PLAN INVESTOR") OR A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY SIMILAR LAWS, AND NO PART OF THE ASSETS TO BE USED BY IT TO ACQUIRE OR HOLD SUCH NOTE OR ANY INTEREST THEREIN CONSTITUTES THE ASSETS OF ANY BENEFIT PLAN INVESTOR OR SUCH A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, OR (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF SUCH NOTE OR ANY INTEREST THEREIN DOES NOT AND WILL NOT CONSTITUTE OR OTHERWISE RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF A GOVERNMENTAL, CHURCH, OR NON-U.S. PLAN, A NON-EXEMPT VIOLATION OF ANY SIMILAR LAWS); AND (2) NEITHER THE ISSUERS NOR ANY OF ITS AFFILIATES IS A FIDUCIARY (WITHIN THE MEANING OF SECTION 3(21) OF ERISA OR SECTION 4975 OF THE CODE OR, WITH RESPECT TO A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, ANY DEFINITION OF "FIDUCIARY" UNDER SIMILAR LAWS) WITH RESPECT TO THE PURCHASER OR HOLDER IN CONNECTION WITH ANY PURCHASE OR HOLDING OF THE NOTE, OR AS A RESULT OF ANY EXERCISE BY THE ISSUERS OR ANY OF ITS AFFILIATES OF ANY RIGHTS IN CONNECTION WITH THE NOTE, AND NO ADVICE PROVIDED BY THE ISSUERS OR ANY OF ITS AFFILIATES HAS FORMED A PRIMARY BASIS FOR ANY INVESTMENT DECISION BY OR ON BEHALF OF THE PURCHASER OR HOLDER IN CONNECTION WITH THE NOTE AND THE TRANSACTIONS CONTEMPLATED WITH RESPECT TO THE NOTE.

THE ISSUERS, THE INITIAL PURCHASERS AND THE TRUSTEE, AND THEIR RESPECTIVE AFFILIATES, SHALL BE ENTITLED TO CONCLUSIVELY RELY UPON THE TRUTH AND ACCURACY OF THE FOREGOING REPRESENTATIONS, WARRANTIES AND AGREEMENTS BY ACQUIRERS AND TRANSFEREES OF ANY NOTES WITHOUT FURTHER INQUIRY.

The transfer of any Note or any interest therein to a Plan or a governmental, church or non-U.S. plan that is subject to any Similar Laws is in no respect a representation by the Issuers, the Initial Purchasers or the Trustee, or any of their respective affiliates, that such an investment meets all relevant legal requirements with respect to investments by such plans generally or any particular such plan; that the Investor-Based Exemptions or the Service Provider Exemption described above, or any other prohibited transaction exemption, would apply to such an investment by such plans in general or any particular such plan; or that such an investment is appropriate for such plans generally or any particular such plan.

The discussion of ERISA and Section 4975 of the Code contained in this listing particulars, is, of necessity, general, and does not purport to be complete. Moreover, the provisions of ERISA and Section 4975 of the Code are subject to extensive and continuing administrative and judicial interpretation and review. Therefore, the matters discussed above may be affected by future regulations, rulings and court decisions, some of which may have retroactive application and effect.

Any Plan or employee benefit plan not subject to ERISA or Section 4975 of the Code, and any fiduciary thereof, proposing to participate in the offers and acquire the Notes or any interest therein should consult with its legal advisors regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA, Section 4975 of the Code and any Similar Laws, to such investment, and to confirm that such investment will not constitute or result in a non-exempt prohibited transaction or any other violation of any applicable requirement of ERISA, Section 4975 of the Code or Similar Laws.

## TRANSFER RESTRICTIONS

The Notes have not been registered under the U.S. Securities Act or any other applicable securities law and may not be offered, sold, pledged or otherwise transferred within the United States or to, or for the account or benefit of, U.S. Persons (as such terms are defined under the U.S. Securities Act) except pursuant to an exemption from or in a transaction not subject to the registration requirements of the U.S. Securities Act and such other securities laws. Accordingly, the Notes are being offered by this listing particulars only (a) to qualified institutional buyers, or QIBs, in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A and (b) outside the United States to persons other than U.S. persons as defined in Rule 902 under the U.S. Securities Act in an offshore transaction in reliance upon Regulation S under the U.S. Securities Act.

Each purchaser of the Notes, by its acceptance of this listing particulars, will be deemed to have acknowledged, represented to, and agreed with us, the Guarantors and the Initial Purchasers as follows:

- (1) The purchaser understands and acknowledges that the Notes have not been registered under the U.S. Securities Act or any other applicable securities law, the Notes are being offered for resale in transactions not requiring registration under the U.S. Securities Act or any other securities laws, including sales pursuant to Rule 144A or Regulation S under the U.S. Securities Act, and none of the Notes may be offered, sold or otherwise transferred except in compliance with the registration requirements of the U.S. Securities Act or any other applicable securities law, pursuant to an exemption from such laws or in a transaction not subject to such laws, and in each case, in compliance with the conditions for transfer set forth in paragraph (4) below.
- (2) The purchaser acknowledges that this listing particulars relates to an offering that is exempt from registration under the U.S. Securities Act and may not comply in important respects with SEC rules that would apply to an offering document relating to a public offering of securities.
- (3) The purchaser is not an affiliate (as defined in Rule 144 under the U.S. Securities Act) of ours, that the purchaser is not acting on our behalf and is either:
  - (a) a QIB and is aware that any sale of the Notes to it will be made in reliance on Rule 144A and such acquisition will be for its own account or for the account of another QIB; or
  - (b) not a U.S. person (and was not purchasing for the account or benefit of a U.S. person) within the meaning of Regulation S under the U.S. Securities Act, and is purchasing Notes in an offshore transaction in accordance with Regulation S.
- (4) The purchaser acknowledges that the Issuers, the Guarantors and the Initial Purchasers or any person representing the Issuers, the Guarantors or the Initial Purchasers have not made any representation to it with respect to the Issuers, the Guarantors or the offering or sale of any Notes, other than the information contained in this listing particulars, which listing particulars has been delivered to it. Accordingly, it acknowledges that no representation or warranty is made by the Initial Purchasers as to the accuracy or completeness of such materials. The purchaser has had access to such financial and other information as it has deemed necessary in connection with its decision to purchase any of the Notes, including an opportunity to ask questions of and request information from the Issuers, the Guarantors and the Initial Purchasers, and it has received and reviewed all information that it requested.
- (5) The purchaser is purchasing the Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution of the Notes in violation of the U.S. Securities Act, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts be, at all times, within its or their control and subject to its or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any exemption from registration available under the U.S. Securities Act. The purchaser agrees on its own behalf and on behalf of any investor account for which it is purchasing the Notes and each subsequent holder of the Notes, by its acceptance of the Notes, to offer, sell or otherwise transfer such Notes prior to the end of the resale restriction periods described below only (a) to us or any subsidiary thereof, (b) pursuant to a registration statement which has been declared effective under the U.S. Securities Act, (c) for so long as the notes are eligible for resale pursuant to Rule 144A to a person it reasonably believes is a QIB that purchases for its own account or for the account of a QIB, to whom notice is given that the transfer is being made in reliance on Rule 144A, (d) pursuant to offers and sales to non-U.S. persons that occur outside the United States within the meaning of Regulation S under the U.S. Securities Act or (e) pursuant to any other available exemption from the registration requirements of the U.S.

Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and to compliance with any applicable state securities laws. The purchaser will, and each subsequent purchaser is required to, notify any subsequent purchaser of the Notes from the purchaser or it of the resale restrictions referred to in the legend below. The foregoing restrictions on resale will apply from the closing date until the date that is one year after the later of the closing date and the last date that we or any of our affiliates was the owner of the Notes (in the case of the Rule 144A Global Notes) or 40 days after the later of the commencement of this offering and the closing of this offering (in the case of the Regulation S Global Notes) (each, a “Resale Restriction Period”) and will not apply after the applicable Resale Restriction Period ends. Each purchaser acknowledges that we and the Trustee under the Indenture reserve the right prior to any offer, sale or other transfer pursuant to clauses (d) or (e) prior to the end of the applicable Resale Restriction Period of the Notes to require the delivery of an opinion of counsel, certifications and/or other information satisfactory to us and the Trustee.

- (6) The purchaser understands that if it is a non-U.S. person outside of the United States, the Notes are represented by a Dollar Regulation S Global Note or Sterling Regulation S Global Note, as applicable, and that transfers of such notes are restricted as described in this section and in the section entitled “*Book-Entry Settlement and Clearance*” or if it is a QIB, the Notes it purchases will be represented by a Dollar Rule 144A Global Note or a Sterling Rule 144A Global Note, as applicable.

Each purchaser acknowledges that each certificate representing a note will contain a legend substantially to the following effect:

THE SECURITY EVIDENCED HEREBY WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER SECTION 5 OF THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”), AND HAS NOT BEEN REGISTERED UNDER THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION AND THE SECURITY EVIDENCED HEREBY MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT) OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS NOTE IN AN “OFFSHORE TRANSACTION” PURSUANT TO RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE “RESALE RESTRICTION TERMINATION DATE”) THAT IS IN THE CASE OF RULE 144A NOTES: ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUERS OR ANY AFFILIATES OF THE ISSUERS WERE THE OWNER OF THIS SECURITY AND IN THE CASE OF REGULATION S NOTES: 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THIS OFFERING AND THE DATE ON WHICH THIS SECURITY (OR PREDECESSOR OF THIS SECURITY WAS FIRST OFFERED TO PERSON OTHER THAN DISTRIBUTIONS (AS DEFINED IN RULE 902 OF REGULATION S) IN RELIANCE ON REGULATION S, ONLY (A) TO THE ISSUERS, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE U.S. SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A “QUALIFIED INSTITUTIONAL BUYER” AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE U.S. SECURITIES ACT, OR (E) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT TO THE ISSUERS’ AND THE TRUSTEE’S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSES (D) OR (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE

REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.

BY ACCEPTING THIS NOTE (OR AN INTEREST IN THE NOTES REPRESENTED HEREBY) EACH ACQUIRER AND EACH TRANSFEREE IS DEEMED TO REPRESENT, WARRANT AND AGREE THAT AT THE TIME OF ITS ACQUISITION AND THROUGHOUT THE PERIOD THAT IT HOLDS THIS NOTE OR ANY INTEREST HEREIN (1) EITHER (A) IT IS NOT, AND IT IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS THIS NOTE OR ANY INTEREST HEREIN IT WILL NOT BE, AND WILL NOT BE ACTING ON BEHALF OF), AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”)), SUBJECT TO THE PROVISIONS OF PART 4 OF SUBTITLE B OF TITLE I OF ERISA, A PLAN TO WHICH SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED, (“CODE”), APPLIES, OR ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE “PLAN ASSETS” (WITHIN THE MEANING OF 29 C.F.R. SECTION 2510.3-101 (AS MODIFIED BY SECTION 3(42) OF ERISA)), BY REASON OF SUCH PLAN’S INVESTMENT IN SUCH ENTITY (EACH, A “BENEFIT PLAN INVESTOR”), OR A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL, NON U.S. OR OTHER LAWS OR REGULATIONS THAT ARE SUBSTANTIALLY SIMILAR TO THE FIDUCIARY RESPONSIBILITY OR THE PROHIBITED TRANSACTION PROVISIONS OF ERISA AND/OR SECTION 4975 OF THE CODE (“SIMILAR LAWS”), AND NO PART OF THE ASSETS USED BY IT TO ACQUIRE OR HOLD THIS NOTE OR ANY INTEREST HEREIN CONSTITUTES THE ASSETS OF ANY BENEFIT PLAN INVESTOR OR SUCH A GOVERNMENTAL, CHURCH OR NON U.S. PLAN, OR (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE OR AN INTEREST HEREIN DOES NOT AND WILL NOT CONSTITUTE OR OTHERWISE RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, A NON-EXEMPT VIOLATION OF ANY SIMILAR LAWS); AND (2) NEITHER THE ISSUERS NOR ANY OF ITS AFFILIATES IS A “FIDUCIARY” (WITHIN THE MEANING OF SECTION 3(21) OF ERISA OR SECTION 4975 OF THE CODE OR, WITH RESPECT TO A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, ANY DEFINITION OF “FIDUCIARY” UNDER SIMILAR LAWS) WITH RESPECT TO THE PURCHASER OR HOLDER IN CONNECTION WITH ANY PURCHASE OR HOLDING OF THIS NOTE, OR AS A RESULT OF ANY EXERCISE BY THE ISSUERS OR ANY OF ITS AFFILIATES OF ANY RIGHTS IN CONNECTION WITH THIS NOTE, AND NO ADVICE PROVIDED BY THE ISSUERS OR ANY OF ITS AFFILIATES HAS FORMED A PRIMARY BASIS FOR ANY INVESTMENT DECISION BY OR ON BEHALF OF THE PURCHASER OR HOLDER IN CONNECTION WITH THIS NOTE AND THE TRANSACTIONS CONTEMPLATED WITH RESPECT TO THIS NOTE.

If applicable, the following legend shall also be included substantially in the following form:

THE FOLLOWING INFORMATION IS SUPPLIED SOLELY FOR U.S. FEDERAL INCOME TAX PURPOSES. THIS NOTE WAS ISSUED WITH ORIGINAL ISSUE DISCOUNT (“OID”) WITHIN THE MEANING OF SECTION 1273 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”), AND THIS LEGEND IS REQUIRED BY SECTION 1275(c) OF THE CODE.

Holders may obtain information regarding the amount of any OID, the issue price, the Issue Date and the yield to maturity relating to the Notes by contacting the Chief Financial Officer, Media House, Bartley Wood Business Park, Bartley Way, Hook, Hampshire, RG27 9UP, United Kingdom.

Regulation S Temporary Global Notes will bear an additional legend substantially to the following effect:

THIS GLOBAL NOTE IS A TEMPORARY GLOBAL NOTE FOR PURPOSES OF REGULATION S UNDER THE U.S. SECURITIES ACT. NEITHER THIS TEMPORARY GLOBAL NOTE NOR ANY INTEREST HEREIN MAY BE OFFERED, SOLD, DELIVERED OR EXCHANGED FOR AN INTEREST IN A PERMANENT GLOBAL NOTE OR OTHER NOTE EXCEPT UPON DELIVERY OF THE CERTIFICATIONS SPECIFIED IN THE INDENTURE.

- (7) It acknowledges that the registrar for the Notes will not be required to accept for registration of transfer of any Notes acquired by them, except upon presentation of evidence satisfactory to us, the Trustee and the registrar that the restrictions set forth herein have been complied with.
- (8) It agrees that it will deliver to each person, to whom it transfers Notes, notice of any restrictions on the transfer of such securities.
- (9) It acknowledges that the Issuer, the Guarantors, the Initial Purchaser and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations, warranties and agreements and agrees that if any of the acknowledgments, representations, warranties and agreements deemed to have been made by its purchase of the Notes are no longer accurate, it shall promptly notify us and the Initial Purchaser. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such investor account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such investor account.
- (10) It represents that (i) no portion of the assets used by it to acquire and hold the Notes constitutes assets of any employee benefits plan or similar arrangement or (ii) the purchase and holding of the Notes by it will not constitute a nonexempt prohibited transaction under Section 406 of the U.S. Employee Retirement Income Security Act of 1974, as amended, or Section 4975 of the U.S. Internal Revenue Code of 1986, as amended, or a violation under any applicable similar laws.
- (11) The purchaser understands that no action has been taken in any jurisdiction (including the United States) by the Issuer or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this listing particulars or any other material relating to the Issuer or the Notes in any jurisdiction where action for the purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth hereunder.

### **European Economic Area**

In relation to each Relevant Member State, the Initial Purchasers have represented and agreed that with effect from and including the Relevant Implementation Date, it has not made and will not make an offer of the Notes which are the subject of the offering contemplated by this listing particulars to the public in that Relevant Member State other than:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Initial Purchaser or Initial Purchasers nominated by the Issuer for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive; provided that no such offer of the Notes shall require the publication by the Issuer or any Initial Purchaser of a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospective Directive other than in reliance of Article 3(2)(b).

For the purposes of this provision, the expression an “offer of notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, the expression “Prospectus Directive” means Directive 2003/71/EC) (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

### **ERISA Considerations**

By acquiring the Notes, you will be deemed to have further represented and agreed as follows:

- (1) With respect to the acquisition, holding and disposition of the Notes, or any interest therein, (A) either (i) you are not, and are not acting on behalf of (and for so long as you hold such Notes or any interest therein will not be, and will not be acting on behalf of), an employee benefit plan (as defined in Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”)), subject to the provisions of part 4 of subtitle B of Title I of ERISA, a plan to which Section 4975 of the Code, applies, or any entity whose underlying assets include “plan assets” (within the meaning of 29 C.F.R. Section 2510.3–101 (as modified by Section 3(42) of ERISA)) by



reason of such an employee benefit plan's and/or plan's investment in such entity (each, a "Benefit Plan Investor"), or a governmental, church or non-U.S. plan which is subject to any federal, state, local, non-U.S. or other laws or regulations that are substantially similar to the fiduciary responsibility or prohibited transaction provisions of ERISA or the provisions of Section 4975 of the Code ("Similar Laws"), and no part of the assets to be used by you to acquire or hold such Notes or any interest therein constitutes the assets of any such Benefit Plan Investor or such a governmental, church or non-U.S. plan, or (ii) your acquisition, holding and disposition of such Note, or any interest therein does not and will not constitute or otherwise result in a non-exempt prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code (or, in the case of a governmental, church or non-U.S. plan, a non-exempt violation of any Similar Laws); and (B) neither the Issuer nor any of its affiliates is a Fiduciary (within the meaning of Section 3(21) of ERISA or Section 4975 of the Code or, with respect to a governmental, church or non-U.S. plan, any definition of "fiduciary" under Similar Laws) with respect to you, as the purchaser or holder, in connection with your purchase or holding of the Notes, or as a result of any exercise by the Issuer or any of its affiliates of any rights in connection with the Notes, and no advice provided by the Issuer or any of its affiliates has formed a primary basis for any investment decision by or on behalf of you as the purchaser or holder in connection with the Notes and the transactions contemplated with respect to the Notes.

## PLAN OF DISTRIBUTION

The Issuers have agreed to offer the Notes through the Initial Purchasers. Subject to the terms and conditions in each of the purchase agreements relating to the Senior Secured Notes and the purchase agreement relating to the Senior Notes between each Issuer and the Initial Purchasers, each Issuer has agreed to sell to each Initial Purchaser, and each Initial Purchaser has severally agreed to purchase from the relevant Issuer, the principal amount of Notes set forth therein.

Each purchase agreement provides that the Initial Purchasers will purchase all the relevant Notes if any of them are purchased. The obligations of the Initial Purchasers under each purchase agreement, including their agreement to purchase relevant Notes from the Issuers, are several and not joint. Each purchase agreement provides that the obligations of the Initial Purchasers to purchase the Notes are subject to approval of legal matters by counsel and other conditions precedent.

In each purchase agreement, the Issuers have agreed that:

- Subject to certain exceptions, the Issuers and the Guarantors will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, or file with the SEC a registration statement under the U.S. Securities Act relating to any debt securities, which are substantially similar to the Notes offered hereby, issued by the Issuers or a Guarantor and having a maturity of more than one year from the date of issue for a period of 30 days after the date hereof without the prior written consent of Deutsche Bank AG, London Branch and Deutsche Bank Securities Inc.
- The Issuers will indemnify the several Initial Purchasers against certain liabilities, including liabilities under the U.S. Securities Act, or contribute to payments that the underwriters may be required to make in respect of those liabilities.

You should be aware that the laws and practices of certain countries require investors to pay stamp taxes and other charges in connection with purchase of securities.

Each purchaser of the Notes offered hereby in making its purchase will be deemed to have made by its purchase acknowledgements, representation, warranties and agreements as described under “*Transfer Restrictions.*”

The Initial Purchasers initially propose to offer the Notes at the offering price that appears on the cover page of this listing particulars. After the initial offerings, the Initial Purchasers may change the offering price and any other selling terms. The Initial Purchasers may offer and sell the Notes through certain of their affiliates. The offerings of the Notes by the Initial Purchasers is subject to receipt and acceptance and subject to the Initial Purchasers’ right to reject any order in whole or in part.

The Notes have not been registered under the U.S. Securities Act. Each Initial Purchaser has agreed that it will only offer or sell the Notes (A) in the United States to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act and (B) outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S under the U.S. Securities Act. Terms used above have the meanings given to them by Rule 144A and Regulation S under the U.S. Securities Act.

In connection with sales outside the United States (other than sales pursuant to Rule 144A), the Initial Purchasers have agreed that they will not offer, sell or deliver the Notes to, or for the account or benefit of, U.S. persons (i) as part of the Initial Purchasers’ distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering or the date the Notes are originally issued. The Initial Purchasers will send to each dealer to whom they sell such Notes during such 40-day period a confirmation or other notice setting forth the restrictions on offers and sales of the notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, with respect to Notes initially sold pursuant to Regulation S under the U.S. Securities Act, until 40 days after the later of the commencement of this offering or the date the Notes are originally issued, an offer or sale of such Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the U.S. Securities Act.

Each of the Senior Secured Notes and the Senior Notes are a new issue of securities, and there is currently no established trading market for these Notes. In addition, the Notes are subject to certain restrictions on resale and transfer as described under “*Transfer Restrictions.*” The Initial Purchasers have advised the Issuers that they intend to make a market in the Notes, but they are not obligated to do so. The Initial Purchasers may discontinue

any market making in the Notes at any time in their sole discretion. In addition, such market making activities will be subject to the limits imposed by the U.S. Securities Act. Accordingly, we cannot assure you that a liquid trading market will develop for the Notes, that you will be able to sell your Notes at a particular time or that the prices that you receive when you sell will be favorable.

The Issuers have made an application to list the Notes to the Official List of the Luxembourg Stock Exchange and for the admission of the notes to trading on the Euro MTF market of the Luxembourg Stock Exchange.

In connection with this offering of the Notes, the Initial Purchasers may engage in over-allotments, stabilizing transactions and syndicate covering transactions in accordance with Regulation M under the Exchange Act and applicable rules of the U.K. Financial Services Authority. Over-allotment involves sales in excess of the offering size, which creates a short position for the Initial Purchasers. Stabilizing transactions involve bids to purchase the Notes in the open market for the purpose of pegging, fixing or maintaining the price of the Notes, as applicable. Short covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions and short covering transactions may cause the price of the Notes to be higher than it would otherwise be in the absence of those transactions. If the Initial Purchasers engage in stabilizing or short covering transactions, they may discontinue them at any time. The Initial Purchasers also may impose a penalty bid. This occurs when a particular Initial Purchaser repays to the Initial Purchasers a portion of the Initial Purchasers' discount received by it because the representatives have repurchased Notes sold by or for the account of such Initial Purchaser in stabilizing or short covering transactions.

Delivery of the Notes was made against payment therefor on or about the date specified on the cover page of this listing particulars, which was ten business days (as such term is used for the purposes of Rule 15c6-1 of the Exchange Act) following the date of the pricing of the Notes (this settlement cycle is being referred to as "T + 10"). Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in three business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of this listing particulars or the next six business days will be required to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to make such trades should consult their own advisors.

The Initial Purchasers and their respective affiliates are full service financial institutions engaged in various activities, including securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. The Initial Purchasers and their respective affiliates have, from time to time, performed, and may in the future perform, various consulting, financial advisory, investment banking, commercial lending, capital markets services for Virgin Media and Liberty Global, for which they received or will receive customary fees and expenses. Certain of the Initial Purchasers or their respective affiliates have arranged and made loans to subsidiaries of Liberty Global or Virgin Media in the past, and are lenders under the VM Credit Facility and received fees in relation to arranging such loans. Certain of the Initial Purchasers or their affiliates that have a lending relationship with us routinely hedge, and certain other of the Initial Purchaser or their affiliates may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, the Initial Purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Notes. Any such credit default swaps or short positions could adversely affect future trading prices of the Notes.

In the ordinary course of their various business activities, the Initial Purchasers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and such investment and securities activities may involve securities and/or instruments of the Issuers. The Initial Purchasers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

#### **Notice to European Economic Area Investors**

In relation to each Relevant Member State, each Manager has represented and agreed that with effect from and including the Relevant Implementation Date it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this listing particulars to the public in that Relevant Member State other than:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Initial Purchaser or Initial Purchasers nominated by the Issuers for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive; provided that no such offer of the Notes shall require the publication by the Issuers or any Initial Purchaser of a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospective Directive other than in reliance of Article 3(2)(b).

For the purposes of this provision, the expression an “offer of notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, the expression “Prospectus Directive” means Directive 2003/71/EC) (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

#### **Notice to United Kingdom Investors**

Each Initial Purchaser has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuers or the Guarantors; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the notes in, from or otherwise involving the United Kingdom.

This listing particulars is directed solely at persons who (i) are outside the United Kingdom or (ii) have professional experience in matters relating to investments or (iii) are persons falling within Article 49(2)(a) to (d) of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (all such persons together being referred to as “relevant persons”). This listing particulars must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this listing particulars relates is available only to relevant persons and will be engaged in only with relevant persons.

## **LEGAL MATTERS**

The validity of the Notes offered hereby and certain other legal matters with respect to U.S. Federal and New York state law and English law will be passed upon for us by Ropes & Gray International LLP. The validity of the Notes and certain other legal matters with respect to U.S. federal and New York State law and English law will be passed upon for the Initial Purchasers by Latham & Watkins (London) LLP.

## INDEPENDENT AUDITORS

The statutory auditors of Virgin Media Inc. are KPMG LLP (“**KPMG**”), independent auditors. The consolidated financial statements of Virgin Media Inc., which comprise the consolidated balance sheet as of December 31, 2013 (Successor), and the related consolidated statements of operations, comprehensive earnings (loss), equity and cash flows for the period from June 8, 2013 through December 31, 2013 (Successor), included in the listing particulars, have been audited by KPMG, as stated in their report appearing herein.

The consolidated financial statements of Virgin Media Inc., which comprise the consolidated balance sheet as of December 31, 2012 (Predecessor), and the related consolidated statements of operations, comprehensive earnings (loss), equity and cash flows for the period from January 1, 2013 through June 7, 2013 (Predecessor) and for the years ended December 31, 2012 and 2011 (Predecessor), included in the listing particulars, have been audited by Ernst & Young LLP, independent auditors, as stated in their report appearing herein.

## ENFORCEABILITY OF CIVIL LIABILITIES

The Issuers are a public limited companies incorporated under the laws of England and Wales with their registered office and principal place of business in England. In addition, most of the Guarantors are incorporated under the laws of England and Wales, and most of the assets held by the Guarantors are located within England and Wales. The Issuers and most of the Guarantors are holding companies with no independent operations or significant assets other than investments in their respective subsidiaries. As a result, it may not be possible for you to recover any payments of principal, premium, interest, Additional Amounts or purchase price with respect to the notes or other payments or claims in the United States upon judgments of U.S. courts for any such payments or claims. The United States and England do not currently have a treaty providing for the reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. Therefore, a final judgment for the payment of a fixed debt, sum of money, payment or claim rendered by any U.S. court based on civil liability, whether or not predicated solely upon the U.S. federal securities laws, would not automatically be enforceable in England. In order to enforce such a U.S. judgment in England, proceedings must be initiated by way of common law action before a court of competent jurisdiction in England. In the case of any judgment by any U.S. court, an English court will, subject to what is said below, normally order summary judgment on the basis that there is no defense to the claim for payment and will not reinvestigate the merits of the original dispute and therefore will treat the U.S. judgment as creating a valid debt upon which the judgment creditor could bring an action for payment against any relevant assets of the Issuers and any of the guarantors, as long as, among other things:

- the U.S. court had jurisdiction, according to the applicable English law tests, over the original proceeding;
- the judgment is final and conclusive on the merits;
- the judgment does not contravene English public policy;
- the judgment must not be for a tax, penalty or a judgment arrived at by doubling, trebling or otherwise multiplying a sum assessed as compensation for the loss or damage sustained; and
- the judgment has not been obtained by fraud or in breach of the principles of natural justice.

Based on the foregoing and subject to matters referred to in “*Description of the Intercreditor Deeds*,” there can be no assurance that you will be able to enforce in England judgments in civil and commercial matters obtained in any U.S. court. There is doubt as to whether an English court would impose civil liability in an original action predicated solely upon the U.S. federal securities laws brought in a court of competent jurisdiction in England.

## LISTING AND GENERAL INFORMATION

### Listing

The Issuers have made application to list the Notes on the Official List of the Luxembourg Stock Exchange and for admission to trading on the Euro MTF market of the Luxembourg Stock Exchange in accordance with the rules of that exchange. Notice of any optional redemption, change of control or any change in the rate of interest payable on the notes will be published in a Luxembourg newspaper of general circulation, which is expected to be the *Luxemburger Wort*, or on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

For so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange require, copies of the following documents, including any future amendments, may be inspected and obtained at the specified office of the listing agent in Luxembourg during normal business hours on any weekday:

- the organizational documents of the Issuers;
- our most recent audited consolidated financial statements and any interim quarterly financial statements we publish;
- this listing particulars;
- the Indenture, which includes the form of the relevant Notes and notations of guarantee;
- the Intercreditor Deeds; and
- Security Documents in relation to the Senior Secured Notes Indenture.

For so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange require, copies of the articles of incorporation and bylaws, or other constitutional documents as applicable, of the Issuers and each of the Guarantors will be available free of charge at the offices of the listing agent in Luxembourg.

The Issuers will maintain a listing and transfer agent in Luxembourg for as long as any of the Notes are listed on the Luxembourg Stock Exchange. The Issuers reserve the right to vary such appointment and we will publish notice of such change of appointment in a newspaper having a general circulation in Luxembourg, which is expected to be the *Luxemburger Wort*, or on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). The Issuers have appointed The Bank of New York Mellon (Luxembourg) S.A. as Luxembourg listing agent, transfer agent and registrar with respect to the Euro Senior Notes and Senior Secured Notes. The Issuers have appointed The Bank of New York Mellon as paying agent, transfer agent and registrar with respect to the Dollar Senior Notes. The Issuers reserve the right to vary such appointment in accordance with the terms of the indentures governing the Notes.

The Issuers accept responsibility for the information contained in this listing particulars. The Issuers declare that, having taken all reasonable care to ensure that such is the case, the information contained in this listing particulars is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

Virgin Media's fiscal year ends December 31. None of the other guarantors currently publishes financial statements. Virgin Media's most recent audited consolidated financial statements and interim quarterly financial statements are available free of charge at the office of our Luxembourg paying agent.

Pursuant to Part 1, point 703 of the Rules and Regulations of the Luxembourg Stock Exchange, the Notes are freely transferable on the Luxembourg Stock Exchange and therefore, no transaction involving the Notes made on the Luxembourg Stock Exchange may be cancelled.

The Issuers accept responsibility for the information contained in this listing particulars. The Issuers declare that, having taken all reasonable care to ensure that such is the case, the information contained in this listing particulars is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. This listing particulars constitutes a prospectus for the purpose of the Luxembourg law dated July 10, 2005 on Prospectuses for Securities, as amended.



## Clearing information

### *Rule 144A Notes:*

- The CUSIP number assigned to the Dollar Senior Notes issued under Rule 144A is 92769VAG4 and the ISIN number is US92769VAG41 and the common code is 117142957.
- The ISIN number assigned to the Euro Senior Notes issued under Rule 144A is XS1169927792 and the common code is 116992779.
- The ISIN number assigned to the Senior Secured Notes issued under Rule 144A is XS1169843429 and the common code is 116984342.

### *Regulation S Notes:*

- The CUSIP number assigned to the Dollar Senior Notes issued under Regulation S is G93654AE4 and the ISIN number is USG93654AE42 and the common code is 117142949.
- The ISIN number assigned to the Euro Senior Notes issued under Regulation S is XS1169920193 and the common code is 116992019.
- The ISIN number assigned to the Senior Secured Notes issued under Regulation S is XS1169843007 and the common code is 116984300.

## Legal information

### ***Virgin Media Secured Finance PLC***

The Senior Secured Notes Issuer is a public limited company incorporated, for the purposes of operating in the telecommunications business, on December 18, 2009 under the laws of England and Wales, having as registered company number 07108352. The issued share capital of the Senior Secured Issuer is £50,000, divided into 50,000 ordinary shares of £1 each. The authorized share capital of the Senior Secured Issuer is £50,000 divided into 50,000 ordinary shares of £1 each. Its registered address is Media House, Bartley Wood Business Park, Bartley Way, Hook, Hampshire, RG27 9UP, United Kingdom. The directors of the Senior Secured Issuer are Robert Dunn and Mine Hifzi. The directors can be contacted at the registered address of the Senior Secured Issuer.

The creation and issuance of the notes and the execution of the indenture has been authorized by a resolution of the issuer's board of directors passed at a meeting of the Senior Secured Issuer's board of directors held on January 5, 2015.

### ***Virgin Media Finance PLC***

The Senior Notes Issuer is a public limited company incorporated, for the purposes of operating in the telecommunications business, on March 3, 2004 under the laws of England and Wales, having as registered company 05061787. The issued share capital of the Senior Notes Issuer is £92,456, divided into 92,456 ordinary shares of £1 each. The authorized share capital of the Senior Notes Issuer is £5,000,000 divided into 5,000,000 ordinary shares of £1 each. Its registered address is Media House, Bartley Wood Business Park, Bartley Way, Hook, Hampshire, RG27 9UP, United Kingdom. The directors of the Senior Notes Issuer are Robert Dunn, Mine Hifzi, Thomas Mockridge, and Dana Strong. The directors can be contacted at the registered address of the Issuer.

The creation and issuance of the notes and the execution of the indenture has been authorized by a resolution of the issuer's board of directors passed at a meeting of the Senior Notes Issuer's board of directors held on January 5, 2015.

### ***Virgin Media Inc.***

Virgin Media was incorporated on February 1, 2013 under the laws of the State of Delaware, United States of America. Virgin Media was reincorporated on December 20, 2013 under the laws of the State of Colorado, United States of America. The entity identification number with the Office of the Secretary of State of the State of Colorado is 20131724019. Its authorized share capital is \$10.00 divided into 1,000 shares, par value \$0.01 per share, 111 of which have been issued.

### ***Other guarantors***

We provide certain condensed consolidated financial information for the Senior Notes Guarantors and the Senior Secured Guarantors in footnotes (12) and (13) of the September 30, 2014 Condensed Consolidated Financing Statements included herein. In connection with the December 2014 Intra-group Reorganization, certain Senior Notes Guarantors presented in the September 30, 2014 Condensed Consolidated Financing Statements have merged or changed their corporate form, namely, Virgin Media Holdings Inc. merged into Virgin Media Group LLC and Virgin Media (UK) Group Inc. was converted into a Colorado limited liability company (Virgin Media (UK) Group LLC). For further information, see “*Summary—Recent Developments—December 2014 Intra-group Reorganization*”. For a description of the Senior Notes Guarantors and the Senior Secured Guarantors, see “*Summary—Summary of the Notes—Guarantees—Senior Notes*” and “*Summary—Summary of the Notes—Guarantees—Senior Secured Notes*”, respectively.

On January 9, 2015, the Guarantees have been authorized by resolution of the board of directors, or equivalent body, where applicable, of each of the Guarantors.

The Guarantors are wholly-owned subsidiaries of Virgin Media.

### **General**

Except as disclosed in this listing particulars:

- there has been no material adverse change in the financial condition of the Issuers nor in the financial condition of the Guarantors since September 30, 2014; and
- there is currently no material litigation pending against the Issuers or any Guarantor.

## GLOSSARY

3D	Three-dimensional.
ADSL or ADSL2+	An asymmetric digital subscriber line is a system for high-speed data transmission over existing telephone cables. In the ADSL system, the telephone cable is effectively divided into three bands: the downstream band from the service provider to the end customer; the upstream band from the end customer to the service provider; and a voice band through which (using a splitter) telephone calls (analog or via ISDN) can be made. ADSL2+ extends the capacity of the underlying ADSL system by further utilizing the frequency spectrum and extending transfer speeds for the downstream band to up to 25 Mbps.
Analog	Comes from the word “analogous”, which means “similar to” in telephone transmission, the signal being transmitted (voice, video or image) is “analogous” to the original signal.
B2B	Business-to-business.
Bandwidth	The transmission capacity of a communication line or transmission link at any given time. The bandwidth is generally indicated in bits per second or amount of spectrum available in MHz.
Broadband	A signaling method that includes a relatively wide range of frequencies, that can be divided into channels or frequency “bins”, and by which various data components are sent at the same time in order to increase the rate of transmission. The wider the bandwidth, the more information it can carry within a certain period of time.
Bundle/bundling	Bundling is a marketing strategy that involves offering several products for sale as one combined product.
Digital	The use of a binary code to represent information in telecommunications recording and computing. Analog signals, such as voice or music, are encoded digitally by sampling the voice or music analog signals many times a second and assigning a number to each sample. Recording or transmitting information digitally has two major benefits: First, digital signals can be reproduced more precisely so digital transmission is “cleaner” than analog transmission and the electronic circuitry necessary to handle digital is becoming cheaper and more powerful; and second, digital signals require less transmission capacity than analog signals.
DSL	Digital Subscriber Line is a generic name for a range of digital technologies relating to the transmission of internet and data signals from the telecommunications service provider’s central office to the end customer’s premises over the standard copper wire used for voice services.
DTT	Digital terrestrial television which has signals over terrestrial antennas and other earthbound circuits without any use of satellite.
DVR	Digital video recorder is a device that allows end users to digitally record television programming for later playback.
DOCSIS	Data Over Cable Service Interface Specification (DOCSIS) is an international standard that defines the communications and operation support interface requirements for a data over cable system. It permits the addition of high-speed data transfer to an existing cable TV system. Cable companies use the DOCSIS standard to improve speeds they can offer. While the DOCSIS 2.0 standard allows regular speeds of up to 50 Mbps, the new DOCSIS 3.0 broadband technology allows speed levels of 100 Mbps and beyond.
Fiber-to-cabinet (FTTC)	Network architecture that uses optical fiber to reach the end user’s street or home in order to deliver broadband internet services.

Free-to-air	Transmission of content for which television viewers are not required to pay a fee for receiving transmissions.
Headend	A master facility for receiving television signals for processing and distribution over a cable television system.
HD	High definition television.
HFC	Hybrid fiber coaxial.
IP	Internet Protocol is a protocol used for communicating data across a packet-switched network. It is used for transmitting data over the internet and other similar networks. The data is broken down into data packets, each data packet is assigned an individual address, then the data packets are transmitted independently and finally reassembled at the destination.
IPTV	Internet Protocol Television is the transmission of television content using IP over a network infrastructure, such as a broadband connection.
LLU	Local loop unbundling. The local loop is the physical link between the first demarcation point of the customer's premises and the delivery point into the network of the provider renting the local loop. The local loop is referred to as the "last mile."
LTE	Long-term evolution.
Mbps	Megabits per second; a unit of data transfer rate equal to 1,000,000 bits per second. The bandwidths of broadband networks are often indicated in Mb/s.
MHz	Megahertz (or one million hertz) is the basic measure of frequency and represents one million cycles per second.
MNO	Mobile network operator.
MVNO	Mobile virtual network operator.
ODPS	On-Demand Programme Service.
Over-the-top (OTT)	Over-the-top video content providers, which deliver television signals as a video stream on top of third parties' broadband internet access services.
PPT	Pay-per-transaction.
RGUs	Revenue Generating Units.
SD	Standard definition.
SIM	Subscriber identification module.
SMS	Short message service.
SVOD	Subscription digital cable-on-demand.
TLCS	Television licensable content service.
Triple-play	Offering of digital television, broadband internet and telephony services packaged in a bundle.
VoD	Video-on-Demand is the transmission of digital video data on demand, by either streaming data or allowing data to be downloaded. The data is transmitted to the end

customer via a broadband connection.

VDSL

Very high bit rate DSL.

VoIP

Voice over IP or the transmission of voice calls via Internet Protocol.

WMO

Wholesale must offer.

**SCHEDULE I—LIST OF SENIOR SECURED NOTES GUARANTORS**

Avon Cable Joint Venture	NTL Cablecomms Oldham and Tameside	Telewest Communications (North East) Partnership
Barnsley Communications Limited	CableNTL Cablecomms Solent	Telewest Communications Networks Limited
BCMV Limited	NTL Cablecomms Staffordshire	Telewest UK Limited
Birmingham Cable Limited	NTL Cablecomms Stockport	Virgin Media Bristol LLC (2)
Cable Camden Limited	NTL Cablecomms Surrey	Virgin Media Business Limited
Cable Enfield Limited	NTL Cablecomms Sussex	Virgin Media Finance PLC
Cable Hackney & Islington Limited	NTL Cablecomms Wessex	Virgin Media Inc. (3)
Cable Haringey Limited	NTL Cablecomms Wirral	Virgin Media Investment Holdings Limited
Doncaster Communications Limited	CableNTL Cambridge Limited	Virgin Media Investments Limited
Eurobell (South West) Limited	NTL Glasgow (1)	Virgin Media Limited
Eurobell (Sussex) Limited	NTL Kirklees	Virgin Media Payments Ltd
Eurobell (West Kent) Limited	NTL Midlands Limited	Virgin Media SFA Finance Limited
Eurobell Internet Services Limited	NTL Victoria Limited	VMWH Limited
Halifax Cable Communications Limited	NTL Wirral Telephone and Cable TV Company	Virgin Media Wholesale Limited
Middlesex Cable Limited	Sheffield Cable Communications Limited	Virgin Mobile Group (UK) Limited
NTL Business Limited	Telewest Communications (Cumbernauld) Limited (1)	Virgin Mobile Holdings (UK) Limited
NTL Cablecomms Bolton	Telewest Communications (Dumbarton) Limited (1)	Virgin Mobile Telecoms Limited
NTL Cablecomms Bromley	Telewest Communications (Dundee & Perth) Limited (1)	Virgin Net Limited
NTL Cablecomms Bury and Rochdale	Telewest Communications (Falkirk) Limited (1)	VMIH Sub Limited
NTL Cablecomms Cheshire	Telewest Communications (Glenrothes) Limited (1)	Wakefield Cable Communications Limited
NTL Cablecomms Derby	Telewest Communications (London South) Joint Venture	X-Tant Limited
NTL Cablecomms Greater Manchester	Telewest Communications (Midlands & North West) Limited	
NTL Cablecomms Macclesfield	Telewest Communications (Motherwell) Limited (1)	

The Senior Secured Notes Guarantors are incorporated or organized in England and Wales, except where indicated as follows:

- (1) Scotland
- (2) Delaware
- (3) Colorado

**VIRGIN MEDIA INC.  
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**VIRGIN MEDIA INC.**  
(See note 1)  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(unaudited)

	Successor	
	September 30, 2014	December 31, 2013
	in millions	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents . . . . .	£ 30.8	£ 343.0
Trade receivables, net . . . . .	409.2	405.3
Related-party note and other receivables (note 9) . . . . .	381.5	88.1
Prepaid expenses . . . . .	58.0	71.7
Other current assets (note 3) . . . . .	109.3	83.3
Total current assets . . . . .	988.8	991.4
Property and equipment, net (note 5) . . . . .	5,851.7	6,112.6
Goodwill . . . . .	5,793.7	5,793.7
Intangible assets subject to amortization, net (note 5) . . . . .	2,047.7	2,321.5
Deferred income taxes . . . . .	1,482.1	1,407.4
Related-party notes receivable (note 9) . . . . .	2,848.7	2,373.5
Other assets, net (note 3) . . . . .	265.4	311.1
Total assets . . . . .	£ 19,278.1	£ 19,311.2

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



VIRGIN MEDIA INC.

(See note 1)

CONDENSED CONSOLIDATED BALANCE SHEETS — (Continued)  
(unaudited)

	Successor	
	September 30, 2014	December 31, 2013
	in millions	
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable	£ 265.1	£ 274.5
Deferred revenue and advanced payments from subscribers and others	338.7	315.7
Current portion of debt and capital lease obligations (note 6)	242.6	159.5
Derivative instruments (note 3)	129.1	136.5
Accrued interest	181.3	92.4
Related-party payables (note 9)	11.5	87.6
Value-added taxes (VAT) payable	93.7	78.1
Other current liabilities	447.2	392.3
Total current liabilities	1,709.2	1,536.6
Long-term debt and capital lease obligations (note 6)	8,219.6	8,289.3
Other long-term liabilities (note 3)	356.1	457.1
Total liabilities	10,284.9	10,283.0
Commitments and contingent liabilities (notes 3, 6, 7 and 10)		
Equity:		
Common stock — \$0.01 par value; authorized 1,000 shares; issued and outstanding 111 shares	—	—
Additional paid-in capital	9,574.9	9,477.9
Accumulated deficit	(706.0)	(595.3)
Accumulated other comprehensive earnings	124.3	145.6
Total equity	8,993.2	9,028.2
Total liabilities and equity	£ 19,278.1	£ 19,311.2

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

VIRGIN MEDIA INC.

(See note 1)

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited)

(in millions)

	Three-month period		Nine-month period		Predecessor
	Successor		Successor		
	Three months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Period from June 8 to September 30, 2013	
Revenue (note 9) . . . . .	£ 1,046.8	£ 1,022.8	£ 3,145.0	£ 1,281.8	£ 1,810.2
Operating costs and expenses:					
Operating (other than depreciation and amortization) (note 9) . . . . .	437.9	465.9	1,355.7	578.5	845.4
Selling, general and administrative (SG&A) (including share-based compensation) (notes 8 and 9) . . . . .	164.1	169.7	459.6	226.1	256.1
Depreciation and amortization . . . . .	368.8	411.5	1,182.9	504.2	432.8
Impairment, restructuring and other operating items, net (note 9) . . . . .	1.6	21.6	14.3	27.0	51.2
	<u>972.4</u>	<u>1,068.7</u>	<u>3,012.5</u>	<u>1,335.8</u>	<u>1,585.5</u>
Operating income (loss) . . . . .	<u>74.4</u>	<u>(45.9)</u>	<u>132.5</u>	<u>(54.0)</u>	<u>224.7</u>
Non-operating income (expense):					
Interest expense:					
Third-party . . . . .	(111.4)	(117.9)	(341.3)	(150.0)	(156.7)
Related-party (note 9) . . . . .	—	(2.2)	—	(5.8)	—
Interest income — related-party (note 9) . . . . .	58.4	48.2	167.2	58.9	—
Realized and unrealized gains (losses) on derivative instruments, net (note 3) . . . . .	133.0	(271.9)	(13.6)	(151.7)	51.8
Foreign currency transaction gains (losses), net . . . . .	(128.0)	103.7	(58.4)	80.5	(2.1)
Other income (expense), net . . . . .	0.3	(0.2)	1.0	0.8	0.3
	<u>(47.7)</u>	<u>(240.3)</u>	<u>(245.1)</u>	<u>(167.3)</u>	<u>(106.7)</u>
Earnings (loss) before income taxes . . . . .	26.7	(286.2)	(112.6)	(221.3)	118.0
Income tax benefit (expense) (note 7) . . . . .	(12.7)	(173.1)	1.9	(179.6)	(18.1)
Net earnings (loss) . . . . .	<u>£ 14.0</u>	<u>£ (459.3)</u>	<u>£ (110.7)</u>	<u>£ (400.9)</u>	<u>£ 99.9</u>

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

VIRGIN MEDIA INC.

(See note 1)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS (LOSS)  
(unaudited)  
(in millions)

	Three-month period		Nine-month period		Predecessor
	Successor		Successor		
	Three months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Period from June 8 to September 30, 2013	
Net earnings (loss) . . . . .	£ 14.0	£ (459.3)	£ (110.7)	£ (400.9)	£ 99.9
Other comprehensive earnings (loss), net of taxes:					
Foreign currency translation adjustments . . . . .	(58.4)	169.9	(21.3)	101.5	(9.8)
Net unrealized gains on derivative instruments . . . . .	—	—	—	—	66.8
Reclassification of derivative gains to net earnings . . . . .	—	—	—	—	(74.4)
Pension liability adjustment . . . . .	—	—	—	—	0.6
Other comprehensive earnings (loss) . . . . .	(58.4)	169.9	(21.3)	101.5	(16.8)
Total comprehensive earnings (loss) . . . . .	£ (44.4)	£ (289.4)	£ (132.0)	£ (299.4)	£ 83.1

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

VIRGIN MEDIA INC.

(See note 1)

CONDENSED CONSOLIDATED STATEMENT OF EQUITY  
(unaudited)

	<u>Additional paid-in capital</u>	<u>Accumulated deficit</u>	<u>Accumulated other comprehensive earnings</u>	<u>Total equity</u>
	in millions			
Successor:				
Balance at January 1, 2014 . . . . .	£ 9,477.9	£ (595.3)	£ 145.6	£ 9,028.2
Net loss . . . . .	—	(110.7)	—	(110.7)
Other comprehensive loss, net of taxes . . . . .	—	—	(21.3)	(21.3)
Capital contribution from parent (note 7) . . . . .	97.0	—	—	97.0
Share-based compensation (note 8) . . . . .	23.2	—	—	23.2
Capital charge in connection with the exercise of share-based incentive awards (note 9) . . . . .	(23.2)	—	—	(23.2)
Balance at September 30, 2014 . . . . .	<u>£ 9,574.9</u>	<u>£ (706.0)</u>	<u>£ 124.3</u>	<u>£ 8,993.2</u>

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

VIRGIN MEDIA INC.

(See note 1)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

(in millions)

	Successor		Predecessor
	Nine months ended September 30, 2014	Period from June 8 to September 30, 2013	Period from January 1 to June 7, 2013
Cash flows from operating activities:			
Net earnings (loss)	£ (110.7)	£ (400.9)	£ 99.9
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:			
Share-based compensation expense	27.5	62.7	22.1
Depreciation and amortization	1,182.9	504.2	432.8
Impairment, restructuring and other operating items, net	14.3	27.0	51.2
Amortization of deferred financing costs and non-cash interest accretion	12.7	6.7	14.7
Realized and unrealized losses (gains) on derivative instruments, net	13.6	151.7	(51.8)
Foreign currency transaction losses (gains), net	58.4	(80.5)	2.1
Deferred income tax expense (benefit)	(2.4)	179.7	17.2
Changes in operating assets and liabilities	(45.1)	(144.3)	(0.1)
Net cash provided by operating activities	<u>1,151.2</u>	<u>306.3</u>	<u>588.1</u>
Cash flows from investing activities:			
Loans to related party	(748.0)	(2,290.6)	—
Capital expenditures	(460.5)	(250.5)	(313.4)
Other investing activities, net	(6.4)	1.3	4.1
Net cash used by investing activities	<u>£ (1,214.9)</u>	<u>£ (2,539.8)</u>	<u>£ (309.3)</u>

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

VIRGIN MEDIA INC.

(See note 1)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS — (Continued)

(unaudited)

(in millions)

	Successor		Predecessor
	Nine months ended September 30, 2014	Period from June 8 to September 30, 2013	Period from January 1 to June 7, 2013
Cash flows from financing activities:			
Repayments and repurchases of debt and capital lease obligations	£ (1,694.5)	£ (4,175.8)	£ (46.5)
Borrowings of debt	1,535.5	2,132.4	—
Repayments of related-party notes	—	(832.2)	—
Payment of financing costs and debt premiums	(58.8)	(64.3)	(1.1)
Release of restricted cash from escrow	—	2,313.6	—
Capital contribution from parent	—	2,290.6	—
Net cash received (paid) related to derivative instruments	(28.5)	364.0	—
Other financing activities, net	(0.1)	(0.2)	8.7
Net cash provided (used) by financing activities	(246.4)	2,028.1	(38.9)
Effect of exchange rate changes on cash and cash equivalents	(2.1)	(6.3)	0.9
Net increase (decrease) in cash and cash equivalents	(312.2)	(211.7)	240.8
Cash and cash equivalents (a):			
Beginning of period	343.0	554.8	206.3
End of period	£ 30.8	£ 343.1	£ 447.1
Cash paid for interest	£ 256.3	£ 126.3	£ 102.9
Income taxes paid	£ 0.5	£ 0.1	£ 0.1

- (a) The difference between the ending cash balance on June 7, 2013 and the beginning cash balance on June 8, 2013 of £107.7 million relates to cash balances of certain subsidiaries of Liberty Global that were contributed to or merged into our company immediately following the LG/VM Transaction.

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

**VIRGIN MEDIA INC.**  
**(See note 1)**  
**Notes to Condensed Consolidated Financial Statements**  
**September 30, 2014**  
**(unaudited)**

**(1) Basis of Presentation**

*General*

Virgin Media Inc. (Virgin Media) is a provider of digital cable, broadband internet, fixed-line telephony and mobile services in the United Kingdom (U.K.) to both residential and business-to-business (B2B) customers. Virgin Media became a wholly-owned subsidiary of Liberty Global plc (Liberty Global) as a result of a series of mergers that were completed on June 7, 2013 (the LG/VM Transaction), pursuant to which Liberty Global became the publicly-held parent company of the successors by merger of the predecessor to Virgin Media (Old Virgin Media) and Liberty Global, Inc. (LGI) (the predecessor to Liberty Global). In these notes, the terms “we,” “our,” “our company” and “us” may refer, as the context requires, to Virgin Media (or Old Virgin Media) or collectively to Virgin Media (or Old Virgin Media) and its subsidiaries.

As a result of Liberty Global’s push-down of its investment basis in Virgin Media arising from the LG/VM Transaction, a new basis of accounting was created on June 7, 2013. In these condensed consolidated financial statements, the results of operations and cash flows of Old Virgin Media for the periods ended on or prior to June 7, 2013 are referred to as “Predecessor” consolidated financial information and the results of operations and cash flows of Virgin Media for periods beginning on or after June 8, 2013 and the financial position of Virgin Media as of June 7, 2013 and subsequent balance sheet dates are referred to as “Successor” consolidated financial information.

The Predecessor and Successor consolidated financial information presented herein is not comparable primarily due to the fact that the Successor consolidated financial information reflects:

- the application of acquisition accounting as of June 7, 2013 of which the most significant implications are (i) increased depreciation expense, (ii) increased amortization expense and (iii) increased share-based compensation expense;
- conforming accounting policy changes, primarily to align to Liberty Global’s accounting policy for the recognition of installation fees received on B2B contracts, as further described below; and
- additional interest expense associated with debt financing arrangements entered into in connection with the LG/VM Transaction and subsequently pushed down to our balance sheet.

On January 26, 2014, Liberty Global’s board of directors approved a share split in the form of a share dividend (the 2014 Share Dividend), which constitutes a bonus issue under Liberty Global’s articles of association and English law, of one Liberty Global Class C ordinary share on each outstanding Liberty Global Class A, Class B and Class C ordinary share as of the February 14, 2014 record date. The distribution date for the 2014 Share Dividend was March 3, 2014. All Liberty Global share and per share amounts presented herein have been retroactively adjusted to give effect to the 2014 Share Dividend.

Our unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP). Accordingly, these financial statements do not include all of the information required by U.S. GAAP for complete financial statements. In the opinion of management, these financial statements reflect all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the results of operations for the interim periods presented. The results of operations for any interim period are not necessarily indicative of results for the full year. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our 2013 annual report.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates and assumptions are used in accounting for, among other things, the valuation of acquisition-related assets and

**VIRGIN MEDIA INC.**  
**(See note 1)**  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
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liabilities, allowances for uncollectible accounts, programming expenses, deferred income taxes and related valuation allowances, loss contingencies, fair value measurements, impairment assessments, capitalization of internal costs associated with construction and installation activities, useful lives of long-lived assets, share-based compensation and actuarial liabilities associated with certain benefit plans. Actual results could differ from those estimates.

Unless otherwise indicated, convenience translations into pound sterling are calculated as of September 30, 2014.

These condensed consolidated financial statements reflect our consideration of the accounting and disclosure implications of subsequent events through November 21, 2014, the date of issuance.

***Alignment of accounting policies***

On June 8, 2013, we adopted Liberty Global's accounting policy for installation fees relating to our B2B contracts involving both installation services and the provision of ongoing services. Previously, we generally treated installation fees received from customers with B2B contracts as a separate deliverable and recognized revenue upon completion of the installation activity in an amount that was based on the relative standalone selling price methodology. Our current accounting policy is to generally defer upfront installation fees on our B2B contracts and recognize the associated revenue over the contractual term of the arrangement. In this regard, we recognized £10.2 million and £7.3 million of installation revenue during the three months ended March 31, 2013 and the period from April 1, 2013 to June 7, 2013, respectively, that would have been deferred under Liberty Global's accounting policy.

The following table provides a rollforward of our deferred revenue for installation services provided to customers with B2B contracts during the nine months ended September 30, 2014 (in millions):

Balance at January 1, 2014 .....	£	31.9
Amounts deferred for completed installation services (a) .....		15.7
Amortization of deferred revenue over contract life .....		<u>(2.9)</u>
Balance at March 31, 2014 .....		44.7
Amounts deferred for completed installation services (a) .....		14.0
Amortization of deferred revenue over contract life .....		<u>(3.9)</u>
Balance at June 30, 2014 .....		54.8
Amounts deferred for completed installation services (a) .....		14.2
Amortization of deferred revenue over contract life .....		<u>(4.9)</u>
Balance at September 30, 2014 .....	£	<u><u>64.1</u></u>

(a) Represents amounts that would have been recognized upfront as installation revenue under Old Virgin Media's policy, but were deferred under Liberty Global's policy.

**(2) Recent Accounting Pronouncements**

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers* (ASU 2014-09), which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09 will replace existing revenue recognition guidance in U.S. GAAP when it becomes effective on January 1, 2017. Early application is not permitted. This new standard permits the use of either the retrospective or cumulative effect transition method. We are currently evaluating the effect that ASU 2014-09 will have on our consolidated financial statements and related disclosures. We have not yet selected a transition method nor have we determined the effect of the standard on our ongoing financial reporting.



**VIRGIN MEDIA INC.**  
**(See note 1)**  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**September 30, 2014**  
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**(3) Derivative Instruments**

We have entered into various derivative instruments to manage (i) interest rate exposure, (ii) foreign currency exposure with respect to the United States (U.S.) dollar (\$) and (iii) equity exposure with respect to the dilutive effects of the VM Convertible Notes, as defined and described in note 6. Although we applied hedge accounting to certain of our derivative instruments prior to the LG/VM Transaction, we currently do not apply hedge accounting to our derivative instruments. Accordingly, during the Successor periods, changes in the fair values of our derivative instruments are recorded in realized and unrealized gains or losses on derivative instruments, net, in our condensed consolidated statements of operations. Prior to the LG/VM Transaction, the effective portion of the net fair value adjustments associated with these derivative instruments was reflected in other comprehensive earnings (loss).

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

	Successor					
	September 30, 2014			December 31, 2013		
	Current (a)	Long-term (a)	Total	Current (a)	Long-term (a)	Total
	in millions					
Assets:						
Cross-currency and interest rate derivative contracts (b) . . . . .	£ 26.1	£ 100.5	£ 126.6	£ 27.7	£ 138.0	£ 165.7
Equity-related derivative instruments (c) . . . . .	—	21.2	21.2	—	20.1	20.1
Foreign currency forward contract — related-party . . . . .	0.7	—	0.7	—	—	—
Total . . . . .	<u>£ 26.8</u>	<u>£ 121.7</u>	<u>£ 148.5</u>	<u>£ 27.7</u>	<u>£ 158.1</u>	<u>£ 185.8</u>
Liabilities:						
Cross-currency and interest rate derivative contracts (b) . . . . .	£ 63.0	£ 185.9	£ 248.9	£ 69.2	£ 253.7	£ 322.9
Equity-related derivative instruments (c) . . . . .	66.1	—	66.1	67.3	—	67.3
Total . . . . .	<u>£ 129.1</u>	<u>£ 185.9</u>	<u>£ 315.0</u>	<u>£ 136.5</u>	<u>£ 253.7</u>	<u>£ 390.2</u>

- (a) Our current derivative assets are included in other current assets and our long-term derivative assets and liabilities are included in other assets, net, and other long-term liabilities, respectively, in our condensed consolidated balance sheets.
- (b) We consider credit risk in our fair value assessments. As of September 30, 2014 and December 31, 2013, (i) the fair values of our cross-currency and interest rate derivative contracts that represented assets have been reduced by credit risk valuation adjustments aggregating £1.8 million and £3.1 million, respectively, and (ii) the fair values of our cross-currency and interest rate derivative contracts that represented liabilities have been reduced by credit risk valuation adjustments aggregating £18.0 million and £32.8 million, respectively. The adjustments to our derivative assets relate to the credit risk associated with counterparty nonperformance and the adjustments to our derivative liabilities relate to credit risk associated with our own nonperformance. In all cases, the adjustments take into account offsetting liability or asset positions within a given contract. Our determination of credit risk valuation adjustments generally is based on our and our counterparties' credit risks, as observed in the credit default swap market and market quotations for certain of our debt instruments, as applicable. The changes in the credit risk valuation adjustments associated with our cross-currency and interest rate derivative contracts resulted in net losses of £8.3 million and

**VIRGIN MEDIA INC.**  
**(See note 1)**  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
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£13.5 million during the three and nine months ended September 30, 2014, respectively, and net gains (losses) of £39.4 million, £29.2 million and (£6.8 million) during the three months ended September 30, 2013, the Successor period from June 8 to September 30, 2013 and the Predecessor period from January 1 to June 7, 2013, respectively. With the exception of a £7.5 million loss that is included in net unrealized gains (losses) on derivative instruments in our condensed consolidated statements of comprehensive earnings (loss) during the Predecessor period, gains and losses associated with credit risk adjustments are included in realized and unrealized gains (losses) on derivative instruments, net, in our condensed consolidated statements of operations. For further information concerning our fair value measurements, see note 4.

- (c) The fair value of our (i) equity-related derivative assets relates to the Virgin Media Capped Calls, as defined and described below, and (ii) equity-related derivative liabilities relates to the derivative embedded in the VM Convertible Notes, as defined and described in note 6.

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

	Three-month period		Nine-month period		
	Successor		Successor		Predecessor (a)
	Three months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Period from June 8 to September 30, 2013	Period from January 1 to June 7, 2013
Cross-currency and interest rate derivative contracts . . . . .	£ 129.8	£ (261.8)	£ (17.5)	£ (184.4)	£ (0.3)
Equity-related derivative instruments (b) . . . . .	2.6	(10.1)	3.4	36.8	50.0
Foreign currency forward contracts (c) . . . . .	0.6	—	0.5	(4.1)	2.1
<b>Total . . . . .</b>	<b>£ 133.0</b>	<b>£ (271.9)</b>	<b>£ (13.6)</b>	<b>£ (151.7)</b>	<b>£ 51.8</b>

- (a) The Predecessor period includes net hedge ineffectiveness losses related to cross-currency and interest rate derivative instruments accounted for as cash flow or fair value hedges of £8.5 million. The effective portions of the fair value adjustments associated with these derivative instruments, which resulted in an aggregate net loss of £10.8 million during the Predecessor period, are reflected in other comprehensive earnings (loss).
- (b) Represents activity related to the Virgin Media Capped Calls, as defined and described below, and, during the Successor periods, the derivative embedded in the VM Convertible Notes, as defined and described in note 6.
- (c) Included in the 2014 amounts are gains or losses associated with two related-party derivative instruments with Liberty Global Europe Financing BV, a subsidiary of Liberty Global, of which one was entered into and settled during the first quarter of 2014 and one was entered into during the third quarter of 2014 and is outstanding at September 30, 2014.

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

	Successor		Predecessor
	Nine months ended September 30, 2014	Period from June 8 to September 30, 2013	Period from January 1 to June 7, 2013
Operating activities .....	£ (23.9)	£ 1.8	£ (15.8)
Investing activities .....	—	—	2.1
Financing activities .....	(28.5)	364.0	—
Total .....	£ (52.4)	£ 365.8	£ (13.7)

***Counterparty Credit Risk***

We are exposed to the risk that the counterparties to our derivative instruments will default on their obligations to us. We manage these credit risks through the evaluation and monitoring of the creditworthiness of, and concentration of risk with, the respective counterparties. In this regard, credit risk associated with our derivative instruments is spread across a relatively broad counterparty base of banks and financial institutions. We and our counterparties do not post collateral or other security, nor have we entered into master netting arrangements with any of our counterparties. At September 30, 2014, our exposure to counterparty credit risk included derivative assets with an aggregate fair value of £119.5 million.

**Details of our Derivative Instruments**

In the following tables, we present the details of the various categories of our subsidiaries' derivative instruments. The notional amount of multiple derivative instruments that mature within the same calendar month are shown in the aggregate and interest rates are presented on a weighted average basis. In addition, for derivative instruments that were in effect as of September 30, 2014, we present a single date that represents the applicable final maturity date. For derivative instruments that become effective subsequent to September 30, 2014, we present a range of dates that represents the period covered by the applicable derivative instruments.

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

*Cross-currency Swaps:*

The terms of our outstanding cross-currency swap contracts at September 30, 2014, which are held by our subsidiary, Virgin Media Investment Holdings Limited (VMIH), are as follows:

<u>Final maturity date</u>	<u>Notional amount due from counterparty</u>	<u>Notional amount due to counterparty</u>	<u>Interest rate due from counterparty</u>	<u>Interest rate due to counterparty</u>
in millions				
February 2022 . . . . .	\$ 1,400.0	£ 873.6	5.01%	5.49%
June 2020 . . . . .	\$ 1,384.6	£ 901.4	6 mo. U.S. LIBOR + 2.75%	6 mo. LIBOR + 3.18%
October 2020 . . . . .	\$ 1,370.4	£ 881.6	6 mo. U.S. LIBOR + 2.75%	6 mo. LIBOR + 3.10%
January 2021 . . . . .	\$ 500.0	£ 308.9	5.25%	6 mo. LIBOR + 2.06%
January 2022 . . . . .	\$ 425.0	£ 255.8	5.50%	5.82%
October 2014 . . . . .	\$ 330.0	£ 199.4	8.38%	9.08%
October 2014 — October 2022 . . . . .	\$ 330.0	£ 199.4	6.00%	6.44%
April 2019 . . . . .	\$ 291.5	£ 186.2	5.38%	5.49%
October 2019 . . . . .	\$ 170.0	£ 102.9	8.38%	9.05%
November 2016 (a) . . . . .	\$ 55.0	£ 27.7	6.50%	7.03%
October 2019 — October 2022 . . . . .	\$ 50.0	£ 30.7	6.00%	5.75%

(a) Unlike the other cross-currency swaps presented in this table, the identified cross-currency swap does not involve the exchange of notional amounts at the inception and maturity of the instrument. Accordingly, the only cash flows associated with this instrument are interest payments and receipts.

*Interest Rate Swaps:*

The terms of our outstanding interest rate swap contracts at September 30, 2014, which are held by VMIH, are as follows:

<u>Final maturity date</u>	<u>Notional amount</u>	<u>Interest rate due from counterparty</u>	<u>Interest rate due to counterparty</u>
in millions			
October 2018 . . . . .	£ 2,155.0	6 mo. LIBOR	1.52%
January 2021 . . . . .	£ 650.0	5.50%	6 mo. LIBOR + 1.84%
January 2021 . . . . .	£ 650.0	6 mo. LIBOR + 1.84%	3.87%
December 2015 . . . . .	£ 600.0	6 mo. LIBOR	2.90%
April 2018 . . . . .	£ 300.0	6 mo. LIBOR	1.37%

***Equity-related Derivative Instruments***

*Virgin Media Capped Calls.* During 2010, we entered into conversion hedges (the Virgin Media Capped Calls) with respect to the VM Convertible Notes, as defined and described in note 6, in order to offset a portion of the dilutive effects associated with conversion of the VM Convertible Notes. We account for the Virgin Media Capped Calls at fair value using a binomial pricing model and changes in fair value are reported in realized and unrealized gains (losses) on derivative instruments, net, in our condensed consolidated statements of operations. The fair value of the Virgin Media Capped Calls as of September 30, 2014 was an asset of £21.2 million.

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As further described in note 6, most of the VM Convertible Notes were exchanged for Liberty Global Class A and Class C ordinary shares and cash pursuant to the terms of the indenture for the VM Convertible Notes.

***Foreign Currency Forward Contract — Related-Party***

The following table summarizes the foreign currency forward contract between VMIH and Liberty Global Europe Financing BV (LGE Financing), another Liberty Global subsidiary, at September 30, 2014:

<u>Maturity date</u>	<u>Currency purchased forward</u>	<u>Currency sold forward</u>
	<u>in millions</u>	
October 2014 .....	\$ 29.6	£ 17.6

**(4) Fair Value Measurements**

We use the fair value method to account for our derivative instruments. The reported fair values of these derivative instruments as of September 30, 2014 likely will not represent the value that will be paid or received upon the ultimate settlement or disposition of these assets and liabilities. We expect that the values realized generally will be based on market conditions at the time of settlement, which may occur at the maturity of the derivative instrument or at the time of the repayment or refinancing of the underlying debt instrument.

U.S. GAAP provides for a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. We record transfers of assets or liabilities in or out of Levels 1, 2 or 3 at the beginning of the quarter during which the transfer occurred. During the nine months ended September 30, 2014, no such transfers were made.

All of our Level 2 inputs (interest rate futures, swap rates and certain of the inputs for our weighted average cost of capital calculations) and certain of our Level 3 inputs (forecasted volatilities and credit spreads) are obtained from pricing services. These inputs, or interpolations or extrapolations thereof, are used in our internal models to calculate, among other items, yield curves, forward interest and currency rates and weighted average cost of capital rates. In the normal course of business, we receive market value assessments from the counterparties to our derivative contracts. Although we compare these assessments to our internal valuations and investigate unexpected differences, we do not otherwise rely on counterparty quotes to determine the fair values of our derivative instruments. The midpoints of applicable bid and ask ranges generally are used as inputs for our internal valuations.

The recurring fair value measurement of our equity-related derivatives are based on binomial option pricing models, which require the input of observable and unobservable variables such as exchange traded equity prices, risk-free interest rates, dividend yields and forecasted volatilities of the underlying equity securities. The valuations of our equity-related derivatives are based on a combination of Level 1 inputs (exchange traded equity prices), Level 2 inputs (interest rate futures and swap rates) and Level 3 inputs (forecasted volatilities). As changes in volatilities could have a significant impact on the overall valuations, we have determined that these valuations fall under Level 3 of the fair value hierarchy. At September 30, 2014 however, the valuations of the Virgin Media Capped Calls and the derivative embedded in the VM Convertible Notes were not significantly impacted by forecasted volatilities.

As further described in note 3, we have entered into various derivative instruments to manage our interest rate and foreign currency exchange risk. The recurring fair value measurements of these derivative instruments are determined using discounted cash flow models. Most of the inputs to these discounted cash flow models consist of, or are derived from, observable Level 2 data for substantially the full term of these derivative

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instruments. This observable data includes applicable interest rate futures and swap rates, which are retrieved or derived from available market data. Although we may extrapolate or interpolate this data, we do not otherwise alter this data in performing our valuations. We incorporate a credit risk valuation adjustment in our fair value measurements to estimate the impact of both our own nonperformance risk and the nonperformance risk of our counterparties. Our and our counterparties' credit spreads are Level 3 inputs that are used to derive the credit risk valuation adjustments with respect to our various interest rate and foreign currency derivative valuations. As we would not expect changes in our or our counterparties' credit spreads to have a significant impact on the valuations of these derivative instruments, we have determined that these valuations fall under Level 2 of the fair value hierarchy. Our credit risk valuation adjustments with respect to our cross-currency and interest rate swaps are quantified and further explained in note 3.

Fair value measurements are also used in connection with nonrecurring valuations performed in connection with impairment assessments and acquisition accounting. These nonrecurring valuations include the valuation of customer relationship intangible assets, property and equipment and the implied value of goodwill. The valuation of customer relationships is primarily based on an excess earnings methodology, which is a form of a discounted cash flow analysis. The excess earnings methodology requires us to estimate the specific cash flows expected from the customer relationship, considering such factors as estimated customer life, the revenue expected to be generated over the life of the customer, contributory asset charges, and other factors. Tangible assets are typically valued using a replacement or reproduction cost approach, considering factors such as current prices of the same or similar equipment, the age of the equipment and economic obsolescence. The implied value of goodwill is determined by allocating the fair value of a reporting unit to all of the assets and liabilities of that unit as if the reporting unit had been acquired in a business combination, with the residual amount allocated to goodwill. All of our nonrecurring valuations use significant unobservable inputs and therefore fall under Level 3 of the fair value hierarchy. During the nine months ended September 30, 2013, we performed nonrecurring valuations for the purpose of determining the acquisition accounting for the LG/VM Transaction. We used a discount rate of 9.0% for our valuation of the customer relationships acquired as a result of this acquisition. For additional information, see note 1. We did not perform significant nonrecurring fair value measurements during the nine months ended September 30, 2014.

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

<u>Description</u>	<u>Successor</u>			
	<u>Fair value measurements at</u>			
	<u>September 30, 2014 using:</u>			
<u>September 30,</u>	<u>Quoted prices</u>	<u>Significant</u>	<u>Significant</u>	
<u>2014</u>	<u>in active</u>	<u>other</u>	<u>unobservable</u>	
	<u>markets for</u>	<u>observable</u>	<u>inputs</u>	
	<u>identical assets</u>	<u>inputs</u>	<u>(Level 3)</u>	
	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	
	<u>in millions</u>			
<b>Assets:</b>				
Cross-currency and interest rate derivative contracts . . . . .	£ 126.6	£ —	£ 126.6	£ —
Equity-related derivative instruments . . . . .	21.2	—	—	21.2
Foreign currency forward contract — related-party . . . . .	0.7	—	0.7	—
<b>Total assets . . . . .</b>	<b>£ 148.5</b>	<b>£ —</b>	<b>£ 127.3</b>	<b>£ 21.2</b>
<b>Liabilities:</b>				
Cross-currency and interest rate derivative contracts . . . . .	£ 248.9	£ —	£ 248.9	£ —
Equity-related derivative instruments . . . . .	66.1	—	—	66.1
<b>Total liabilities . . . . .</b>	<b>£ 315.0</b>	<b>£ —</b>	<b>£ 248.9</b>	<b>£ 66.1</b>

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<u>Description</u>	<u>Successor</u>			
	<u>Fair value measurements at December 31, 2013 using:</u>			
	<u>December 31, 2013</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
	in millions			
Assets:				
Cross-currency and interest rate derivative contracts .....	£ 165.7	£ —	£ 165.7	£ —
Equity-related derivative instruments .....	20.1	—	—	20.1
Total assets .....	<u>£ 185.8</u>	<u>£ —</u>	<u>£ 165.7</u>	<u>£ 20.1</u>
Liabilities:				
Cross-currency and interest rate derivative contracts .....	£ 322.9	£ —	£ 322.9	£ —
Equity-related derivative instruments .....	67.3	—	—	67.3
Total liabilities .....	<u>£ 390.2</u>	<u>£ —</u>	<u>£ 322.9</u>	<u>£ 67.3</u>

**(5) Long-lived Assets**

*Property and Equipment, Net*

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

	<u>Successor</u>	
	<u>September 30, 2014</u>	<u>December 31, 2013</u>
	in millions	
Distribution systems .....	£ 5,488.6	£ 5,158.2
Customer premises equipment .....	1,140.2	915.8
Support equipment, buildings and land .....	808.3	716.5
	7,437.1	6,790.5
Accumulated depreciation .....	(1,585.4)	(677.9)
Total property and equipment, net .....	<u>£ 5,851.7</u>	<u>£ 6,112.6</u>

During the nine months ended September 30, 2014, the period from June 8 to September 30, 2013 and the period from January 1 to June 7, 2013, we recorded non-cash increases to our property and equipment related to assets acquired under capital leases of £27.8 million, £27.0 million and £59.6 million, respectively. In addition, during the nine months ended September 30, 2014, we recorded a non-cash increase related to vendor financing arrangements of £133.2 million, which amount excludes related VAT of £15.9 million that was also financed by our vendors under these arrangements.

*Intangible Assets Subject to Amortization, Net*

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

	<u>Successor</u>					
	<u>September 30, 2014</u>			<u>December 31, 2013</u>		
	<u>Gross carrying amount</u>	<u>Accumulated amortization</u>	<u>Net carrying amount</u>	<u>Gross carrying amount</u>	<u>Accumulated amortization</u>	<u>Net carrying amount</u>
	in millions					
Customer relationships . . .	£ 2,527.0	£ (479.3)	£ 2,047.7	£ 2,527.0	£ (205.5)	£ 2,321.5

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

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

	Successor					
	September 30, 2014		Estimated fair value (c)		Carrying value (d)	
	Weighted average interest rate (a)	Unused borrowing capacity (b)	September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013
in millions						
Debt:						
Parent:						
VM Convertible						
Notes (e) . . . . .	6.50%	£ —	£ 98.5	£ 99.1	£ 35.1	£ 34.7
Subsidiaries:						
VM Notes . . . . .	6.11%	—	5,169.4	5,546.6	5,100.4	5,523.3
VM Credit Facility . .	3.77%	660.0	2,972.5	2,649.3	3,013.6	2,627.5
Vendor financing (f) . .	3.60%	—	128.8	37.8	128.8	37.8
Total debt . . . . .	<u>5.22%</u>	<u>£ 660.0</u>	<u>£ 8,369.2</u>	<u>£ 8,332.8</u>	<u>8,277.9</u>	<u>8,223.3</u>
Capital lease obligations . . . . .					<u>184.3</u>	<u>225.5</u>
Total debt and capital lease obligations . . . . .					<u>8,462.2</u>	<u>8,448.8</u>
Current maturities . . . . .					<u>(242.6)</u>	<u>(159.5)</u>
Long-term debt and capital lease obligations . . . . .					<u>£ 8,219.6</u>	<u>£ 8,289.3</u>

- (a) Represents the weighted average interest rate in effect at September 30, 2014 for all borrowings outstanding pursuant to each debt instrument, including any applicable margin. The interest rates presented represent stated rates and do not include the impact of our interest rate derivative instruments, deferred financing costs, original issue premiums or discounts or commitment fees, all of which affect our overall cost of borrowing. Including the effects of derivative instruments, original issue premiums and discounts and commitment fees, but excluding the impact of financing costs, our weighted average interest rate on our aggregate variable- and fixed-rate indebtedness was 5.8% at September 30, 2014. For information concerning our derivative instruments, see note 3.
- (b) Unused borrowing capacity represents the maximum availability under our senior secured credit facility (the VM Credit Facility) at September 30, 2014 without regard to covenant compliance calculations or other conditions precedent to borrowing. At September 30, 2014, the full amount of unused borrowing capacity under the VM Credit Facility was available to be borrowed. The debt instruments of our subsidiaries contain restricted payment tests that limit the amount that can be loaned or distributed to other Virgin Media subsidiaries and ultimately to Virgin Media. At September 30, 2014, the availability to be loaned or distributed by VMIH was limited to £443.0 million. When the relevant September 30, 2014 compliance reporting requirements have been completed and assuming no changes from September 30, 2014 borrowing levels, we anticipate that £508.8 million of the borrowing capacity of VMIH will be available to be loaned or distributed.
- (c) The estimated fair values of our debt instruments are determined using the average of applicable bid and ask prices (mostly Level 1 of the fair value hierarchy) or, when quoted market prices are unavailable or not considered indicative of fair value, discounted cash flow models (mostly Level 2 of the fair value hierarchy). The discount rates used in the cash flow models are based on the market interest rates and estimated credit spreads of the applicable entity, to the extent available, and other relevant factors. For additional information concerning fair value hierarchies, see note 4.



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- (d) Amounts include the impact of premiums and discounts, where applicable.
- (e) The 6.50% convertible senior notes (the VM Convertible Notes) are exchangeable under certain conditions for (subject to further adjustment as provided in the underlying indenture and subject to Virgin Media's right to settle in cash or a combination of Liberty Global ordinary shares and cash) 13,433,939 Liberty Global Class A ordinary shares, 33,496,333 Liberty Global Class C ordinary shares and \$910.51 (£561.33) in cash (without interest) for each \$1,000 in principal amount of VM Convertible Notes exchanged. The amount reported in the estimated fair value column for the VM Convertible Notes represents the estimated fair value of the remaining VM Convertible Notes outstanding as of September 30, 2014, including both the debt and equity components.
- (f) Represents amounts owed pursuant to interest-bearing vendor financing arrangements that are used to finance certain of our property and equipment additions. These obligations are due within one year. At September 30, 2014 and December 31, 2013, the amounts owed pursuant to these arrangements include £14.9 million and £3.0 million, respectively, of VAT that was paid on our behalf by the vendor. Repayments of vendor financing obligations are included in repayments and repurchases of debt and capital lease obligations in our condensed consolidated statements of cash flows.

**VM Notes**

On March 28, 2014, Virgin Media Secured Finance PLC (Virgin Media Secured Finance), a wholly-owned subsidiary of Virgin Media, issued (i) \$425.0 million (£262.0 million) principal amount of 5.5% senior secured notes due January 15, 2025 (the 2025 VM Dollar Senior Secured Notes), (ii) £430.0 million principal amount of 5.5% senior secured notes due January 15, 2025 (the 2025 VM Sterling Senior Secured Notes and, together with the 2025 VM Dollar Senior Secured Notes, the 2025 VM Senior Secured Notes) and (iii) £225.0 million principal amount of 6.25% senior secured notes due March 28, 2029 (the Original 2029 VM Senior Secured Notes). In April 2014, the net proceeds from the 2025 VM Senior Secured Notes and the Original 2029 VM Senior Secured Notes were used to redeem all of the £875.0 million principal amount of 7.0% senior secured notes due 2018. In connection with these transactions, we recognized a gain on debt modification and extinguishment, net, of £3.1 million, which includes (i) the write-off of £36.9 million of unamortized premium, (ii) the payment of £30.6 million of redemption premium and (iii) the write-off of £3.2 million of deferred financing costs.

In April 2014, (i) Virgin Media Secured Finance issued £175.0 million principal amount of 6.25% senior secured notes due March 28, 2029 (the Additional 2029 VM Senior Secured Notes and, together with the Original 2029 VM Senior Secured Notes, the 2029 VM Senior Secured Notes) at an issue price of 101.75% and (ii) VMIH entered into (a) a new £100.0 million term loan (VM Facility D) and (b) a new £849.4 million term loan (VM Facility E), each under the VM Credit Facility. In connection with these transactions, (1) certain lenders under the existing £600.0 million term loan (VM Facility C) under the VM Credit Facility effectively rolled £500.4 million of their drawn commitments under VM Facility C to VM Facilities D and E and (2) the remaining outstanding balance of VM Facility C was repaid with existing liquidity. VM Facilities D and E were fully drawn in May 2014, and the net proceeds, together with the net proceeds from the Additional 2029 VM Senior Secured Notes, were used to fully redeem the \$1.0 billion (£616.5 million) principal amount of 6.5% senior secured notes due 2018. In connection with these transactions, we recognized a loss on debt modification and extinguishment, net, of £3.3 million, which includes (i) the write-off of £20.1 million of unamortized premium, (ii) the payment of £19.3 million of redemption premium and (iii) the write-off of £4.1 million of deferred financing costs.

The 2025 VM Senior Secured Notes and the 2029 VM Senior Secured Notes are senior obligations of Virgin Media Secured Finance that rank equally with all of the existing and future senior debt of Virgin Media Secured Finance and are senior to all existing and future subordinated debt of Virgin Media Secured Finance. The 2025 VM Senior Secured Notes and the 2029 VM Senior Secured Notes are guaranteed on a senior basis by Virgin Media and certain subsidiaries of Virgin Media (the VM Senior Secured Guarantors) and are secured by liens on substantially all of the assets of Virgin Media Secured Finance and the VM Senior Secured Guarantors (except for Virgin Media).

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The 2025 VM Senior Secured Notes and the 2029 VM Senior Secured Notes contain certain customary incurrence-based covenants. For example, the ability to raise certain additional debt and make certain distributions or loans to other subsidiaries of Liberty Global is subject to a Consolidated Net Leverage Ratio test, as defined in the applicable indenture. In addition, the 2025 VM Senior Secured Notes and the 2029 VM Senior Secured Notes provide that any failure to pay principal prior to expiration of any applicable grace period, or any acceleration with respect to other indebtedness of £75.0 million or more in the aggregate of VMIH or the Restricted Subsidiaries (as defined in the applicable indenture) is an event of default under the 2025 VM Senior Secured Notes and the 2029 VM Senior Secured Notes.

Subject to the circumstances described below, the 2025 VM Senior Secured Notes are non-callable until January 15, 2019 and the 2029 VM Senior Secured Notes are non-callable until January 15, 2021. At any time prior to January 15, 2019, in the case of the 2025 VM Senior Secured Notes, or January 15, 2021, in the case of the 2029 VM Senior Secured Notes, Virgin Media Secured Finance may redeem some or all of the 2025 VM Senior Secured Notes or the 2029 VM Senior Secured Notes (as applicable) by paying a “make-whole” premium, which is the present value of all remaining scheduled interest payments to January 15, 2019 or January 15, 2021 (as applicable) using the discount rate (as specified in the applicable indenture) as of the redemption date plus 50 basis points.

Virgin Media Secured Finance may redeem some or all of the 2025 VM Senior Secured Notes or the 2029 VM Senior Secured Notes at the following redemption prices (expressed as a percentage of the principal amount) plus accrued and unpaid interest and Additional Amounts (as defined in the applicable indenture), if any, to the applicable redemption date, if redeemed during the twelve-month period commencing on January 15 of the years set forth below:

<u>Year</u>	<u>Redemption price</u>	
	<u>2025 VM Senior Secured Notes</u>	<u>2029 VM Senior Secured Notes</u>
2019 .....	102.750%	N.A.
2020 .....	101.833%	N.A.
2021 .....	100.000%	103.125%
2022 .....	100.000%	102.083%
2023 .....	100.000%	101.042%
2024 and thereafter .....	100.000%	100.000%

If VMIH or the Restricted Subsidiaries (as defined in the applicable indenture) sell certain assets or if Virgin Media Communications Limited (Virgin Media Communications) or certain of its subsidiaries experience specific changes in control, Virgin Media Secured Finance must offer to repurchase the 2025 VM Senior Secured Notes or the 2029 VM Senior Secured Notes at a redemption price of 101%.

***VM Credit Facility***

The VM Credit Facility, as amended, is the senior secured credit facility of VMIH, together with certain other subsidiaries of Virgin Media. The details of our borrowings under the VM Credit Facility as of September 30, 2014 are summarized in the following table:

<u>Facility</u>	<u>Final maturity date</u>	<u>Interest rate</u>	<u>Facility amount (in borrowing currency)</u>	<u>Unused borrowing capacity</u>	<u>Carrying value (a)</u>
<u>in millions</u>					
A .....	June 7, 2019	LIBOR + 3.25%	£ 375.0	£ —	£ 375.0
B .....	June 7, 2020	LIBOR + 2.75% (b)	\$ 2,755.0	—	1,691.5
D .....	June 30, 2022	LIBOR + 3.25% (b)	£ 100.0	—	99.8
E .....	June 30, 2023	LIBOR + 3.50% (b)	£ 849.4	—	847.3
Revolving facility (c) .....	June 7, 2019	LIBOR + 3.25%	£ 660.0	660.0	—
Total .....			£	660.0	£3,013.6

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- (a) The carrying values of VM Facilities B, D and E include the impact of discounts.
- (b) VM Facilities B, D and E each have a LIBOR floor of 0.75%.
- (c) The revolving facility has a fee on unused commitments of 1.3% per year.

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

The pound sterling equivalents of the maturities of our debt and capital lease obligations as of September 30, 2014 are presented below:

	<u>Debt</u>	<u>Capital lease obligations</u>	<u>Total</u>
		<u>in millions</u>	
Year ending December 31:			
2014 (remainder of year) .....	£ 35.2	£ 25.8	£ 61.0
2015 .....	127.3	76.1	203.4
2016 .....	—	44.4	44.4
2017 .....	—	18.7	18.7
2018 .....	—	4.2	4.2
2019 .....	941.1	2.8	943.9
Thereafter .....	<u>7,113.7</u>	<u>142.7</u>	<u>7,256.4</u>
Total debt maturities .....	8,217.3	314.7	8,532.0
Unamortized premium, net of discount .....	60.6	—	60.6
Amounts representing interest .....	—	(130.4)	(130.4)
Total debt .....	<u>£ 8,277.9</u>	<u>£ 184.3</u>	<u>£ 8,462.2</u>
Current portion .....	<u>£ 163.9</u>	<u>£ 78.7</u>	<u>£ 242.6</u>
Noncurrent portion .....	<u>£ 8,114.0</u>	<u>£ 105.6</u>	<u>£ 8,219.6</u>

***Non-cash Refinancing Transactions***

During the nine months ended September 30, 2014, the period from June 8 to September 30, 2013 and the period from January 1 to June 7, 2013, certain of our refinancing transactions included non-cash borrowings and repayments of debt of £500.4 million, £750.0 million and nil, respectively.

***Subsequent Event***

For information regarding a financing transaction completed subsequent to September 30, 2014, see note 14.

**(7) Income Taxes**

Certain of our U.K. subsidiaries are within the same U.K. tax group as our ultimate parent company, Liberty Global, and its U.K. subsidiaries. U.K. tax law permits the surrendering without cash payment of tax losses between entities within the same tax group. During the third quarter of 2014, tax losses with an aggregate tax effect of £97.0 million were surrendered by Liberty Global and its U.K. subsidiaries outside of Virgin Media to our U.K. subsidiaries. These surrendered tax assets are reflected as an adjustment to additional paid-in capital in our condensed consolidated statement of equity.

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Income tax benefit (expense) attributable to our earnings (loss) before income taxes differs from the amounts computed using the U.S. federal income tax rate of 35.0%, as a result of the following (in millions):

	Three-month period		Nine-month period		Predecessor
	Successor		Successor		
	Three months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Period from June 8 to September 30, 2013	
Computed “expected” tax benefit (expense) . . . . .	£ (9.4)	£ 100.2	£ 39.4	£ 77.5	£ (41.3)
Basis and other differences in the treatment of items associated with investments in subsidiaries . . . . .	(25.1)	(18.3)	(40.0)	(22.7)	—
International rate differences (a) . . . . .	26.3	(27.6)	30.8	(19.8)	22.0
Change in valuation allowances . . . . .	4.7	4.2	(18.9)	0.8	(29.8)
Non-deductible or non-taxable foreign currency exchange results . . . . .	(7.0)	—	(7.0)	—	—
Non-deductible or non-taxable interest and other expenses . . . . .	1.1	(7.3)	(2.7)	9.1	31.9
Enacted tax law and rate changes (b) . . . . .	(4.1)	(231.1)	1.9	(231.1)	—
Other, net . . . . .	0.8	6.8	(1.6)	6.6	(0.9)
<b>Total . . . . .</b>	<b>£ (12.7)</b>	<b>£ (173.1)</b>	<b>£ 1.9</b>	<b>£ (179.6)</b>	<b>£ (18.1)</b>

- (a) Amounts reflect statutory rates in the U.K., which are lower than the U.S. federal income tax rate.
- (b) In April 2014, the U.K. corporate income tax rate decreased from 23.0% to 21.0%, with a further decline to 20.0% scheduled for April 2015. Accordingly, amounts presented for the third quarter of 2013 and subsequent periods reflect the estimated impact of these rate changes.

**(8) Share-based Compensation**

Our share-based compensation expense after the LG/VM Transaction primarily represents amounts allocated to our company by Liberty Global. The amounts allocated by Liberty Global to our company represent share-based compensation associated with the Liberty Global share-based incentive awards held by certain employees of our subsidiaries. Share-based compensation expense allocated to our company by Liberty Global is reflected as an increase to shareholder’s equity and is offset by any amounts recharged to us by Liberty Global, as further described in note 9. Share-based compensation expense prior to the LG/VM Transaction includes amounts for options, shares and performance shares related to the common stock of Old Virgin Media. Incentive awards are denominated in U.S. dollars.

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The following table summarizes our share-based compensation expense, which is included in SG&A expense in our condensed consolidated statements of operations (in millions):

	Three-month period		Nine-month period		Predecessor Period from January 1 to June 7, 2013
	Successor		Successor		
	Three months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Period from June 8 to September 30, 2013	
Performance-based incentive awards (a) . . . . .	£ 2.2	£ 1.4	£ 5.0	£ 1.6	£ 10.0
Other share-based incentive awards . . . . .	6.4	38.1	22.5	61.1	12.1
Total (b) . . . . .	£ 8.6	£ 39.5	£ 27.5	£ 62.7	£ 22.1

- (a) Includes share-based compensation expense related to Liberty Global performance-based restricted share units (PSUs) and challenge performance awards (the Challenge Performance Awards) issued on June 24, 2013 for certain executive officers and key employees of Liberty Global, including certain employees of our subsidiaries. The Challenge Performance Awards include performance-based share appreciation rights (PSARs) and PSUs.
- (b) In connection with the LG/VM Transaction, Liberty Global issued Liberty Global share-based incentive awards (Virgin Media Replacement Awards) to employees and former directors of our company in exchange for corresponding Old Virgin Media awards. During the second and third quarters of 2013, £18.3 million and £22.8 million, respectively, of the June 7, 2013 estimated fair value of the Virgin Media Replacement Awards was charged to expense in recognition of the Virgin Media Replacement Awards that were fully vested on June 7, 2013 or for which vesting was accelerated pursuant to the terms of the Agreement and Plan of Merger agreement (the LG/VM Transaction Agreement) on or prior to September 30, 2013.

The following table provides certain information related to share-based compensation not yet recognized for share-based incentive awards held by employees of our subsidiaries related to Liberty Global ordinary shares as of September 30, 2014:

	Liberty Global ordinary shares (a)	Liberty Global performance- based awards (b)
Total compensation expense not yet recognized (in millions) . . . . .	£ 20.4	£ 10.2
Weighted average period remaining for expense recognition (in years) . . . . .	2.3	1.5

- (a) Amounts relate to awards granted or assumed by Liberty Global under (i) the Virgin Media Inc. 2010 Stock Incentive Plan (as amended and restated effective June 7, 2013), (ii) certain other incentive plans of our company and (iii) the Liberty Global 2014 Incentive Plan and certain other incentive plans of Liberty Global. On January 30, 2014, Liberty Global's shareholders approved the Liberty Global 2014 Incentive Plan and, accordingly, awards are now only granted under the Liberty Global 2014 Incentive Plan.
- (b) Amounts relate to (i) the Challenge Performance Awards and (ii) PSUs.

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The following table summarizes certain information related to the incentive awards granted or remeasured and exercised by employees of our subsidiaries with respect to Liberty Global ordinary shares during the Successor periods and Old Virgin Media common stock during the Predecessor period:

	Successor		Predecessor
	Nine months ended September 30, 2014	Period from June 8 to September 30, 2013	Period from January 1 to June 7, 2013
Assumptions used to estimate fair value of options, share appreciation rights (SARs) and PSARs granted:			
Risk-free interest rate	0.81 - 1.31%	0.81 - 1.19%	0.40 - 1.42%
Expected life (a)	3.1 - 3.9 years	0.4 - 4.6 years	3.0 - 7.3 years
Expected volatility (a)	25.5 - 26.5%	23.6 - 32.6%	31.1 - 50.9%
Expected dividend yield	none	none	0.41 - 0.50%
Weighted average grant-date fair value per share of awards granted:			
Options	\$ —	\$ 22.80	\$ 29.13
SARs	\$ 8.04	\$ 8.43	\$ —
PSARs	\$ 8.15	\$ 8.34	\$ —
Restricted share units (RSUs)	\$ 39.84	\$ 37.07	\$ 39.39
PSUs	\$ 40.13	\$ 34.04	\$ 39.66
Total intrinsic value of awards exercised (in millions):			
Options	£ 25.3	£ 63.1	£ 57.0
SARs	£ 0.2	£ —	£ —
PSARs	£ 0.1	£ —	£ —
Cash received by Liberty Global (Successor periods) and Old Virgin Media (Predecessor period) from exercise of options (in millions)	£ 16.6	£ 34.5	£ 26.7
Income tax benefit related to share-based compensation (in millions)	£ 5.5	£ 12.6	£ 5.9

(a) The 2013 ranges shown for these assumptions exclude the awards for certain former employees of Virgin Media who were expected to exercise their awards immediately or soon after the LG/VM Transaction. For these awards, the assumptions used for expected life and volatility were essentially nil.

**Share-Based Award Activity — Liberty Global Ordinary Shares**

The following tables summarize the share-based award activity during the nine months ended September 30, 2014 with respect to Liberty Global ordinary shares held by employees of our subsidiaries:

<b>Options — Class A ordinary shares</b>	Number of shares	Weighted average exercise price	Weighted average remaining contractual term in years	Aggregate intrinsic value in millions
Outstanding at January 1, 2014	2,020,610	\$ 16.23		
Cancelled	(47,205)	\$ 22.14		
Exercised	(385,877)	\$ 17.29		
Transfers	(31,731)	\$ 19.16		
Outstanding at September 30, 2014 (a)	1,555,797	\$ 15.73	6.2	\$ 41.7
Exercisable at September 30, 2014	802,273	\$ 12.68	2.1	\$ 24.0

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<u>Options — Class C ordinary shares</u>	<u>Number of shares</u>	<u>Weighted average exercise price</u>	<u>Weighted average remaining contractual term in years</u>	<u>Aggregate intrinsic value in millions</u>
Outstanding at January 1, 2014 .....	4,969,056	\$ 14.80		
Cancelled .....	(116,915)	\$ 20.78		
Exercised .....	(1,199,522)	\$ 13.94		
Transfers .....	(78,147)	\$ 17.51		
Outstanding at September 30, 2014 (a) .....	<u>3,574,472</u>	<u>\$ 14.64</u>	<u>6.4</u>	<u>\$ 93.6</u>
Exercisable at September 30, 2014 .....	<u>1,716,696</u>	<u>\$ 11.65</u>	<u>5.3</u>	<u>\$ 50.2</u>

(a) The pound sterling equivalent amounts for the aggregate intrinsic value for outstanding Liberty Global Class A and Class C ordinary share options are £25.7 million and £57.7 million, respectively.

<u>SARs — Class A ordinary shares</u>	<u>Number of shares</u>	<u>Weighted average base price</u>	<u>Weighted average remaining contractual term in years</u>	<u>Aggregate intrinsic value in millions</u>
Outstanding at January 1, 2014 .....	95,831	\$ 27.95		
Granted .....	377,344	\$ 40.77		
Forfeited .....	(2,896)	\$ 40.91		
Exercised .....	(8,138)	\$ 32.44		
Transfers .....	8,258	\$ 28.62		
Outstanding at September 30, 2014 (a) .....	<u>470,399</u>	<u>\$ 38.09</u>	<u>6.1</u>	<u>\$ 2.1</u>
Exercisable at September 30, 2014 .....	<u>55,945</u>	<u>\$ 23.59</u>	<u>3.8</u>	<u>\$ 1.1</u>

<u>SARs — Class C ordinary shares</u>	<u>Number of shares</u>	<u>Weighted average base price</u>	<u>Weighted average remaining contractual term in years</u>	<u>Aggregate intrinsic value in millions</u>
Outstanding at January 1, 2014 .....	287,493	\$ 26.83		
Granted .....	777,712	\$ 38.87		
Forfeited .....	(5,792)	\$ 39.09		
Exercised .....	(24,414)	\$ 31.01		
Transfers .....	24,774	\$ 27.38		
Outstanding at September 30, 2014 (a) .....	<u>1,059,773</u>	<u>\$ 35.51</u>	<u>5.9</u>	<u>\$ 5.8</u>
Exercisable at September 30, 2014 .....	<u>167,835</u>	<u>\$ 22.72</u>	<u>3.8</u>	<u>\$ 3.1</u>

(a) The pound sterling equivalent amounts for the aggregate intrinsic value for outstanding Liberty Global Class A and Class C SARs are £1.3 million and £3.6 million, respectively.

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<u>PSARs — Class A ordinary shares</u>	<u>Number of shares</u>	<u>Weighted average base price</u>	<u>Weighted average remaining contractual term</u> in years	<u>Aggregate intrinsic value</u> in millions
Outstanding at January 1, 2014 .....	267,498	\$ 36.00		
Granted .....	10,000	\$ 43.59		
Exercised .....	(6,248)	\$ 35.03		
Transfers .....	(10,000)	\$ 35.03		
Outstanding at September 30, 2014 (a) .....	<u>261,250</u>	<u>\$ 35.59</u>	<u>5.8</u>	<u>\$ 1.8</u>
Exercisable at September 30, 2014 .....	<u>—</u>	<u>\$ —</u>	<u>—</u>	<u>\$ —</u>

<u>PSARs — Class C ordinary shares</u>	<u>Number of shares</u>	<u>Weighted average base price</u>	<u>Weighted average remaining contractual term</u> in years	<u>Aggregate intrinsic value</u> in millions
Outstanding at January 1, 2014 .....	802,494	\$ 34.35		
Granted .....	30,000	\$ 43.03		
Exercised .....	(18,744)	\$ 33.41		
Transfers .....	(30,000)	\$ 33.41		
Outstanding at September 30, 2014 (a) .....	<u>783,750</u>	<u>\$ 34.02</u>	<u>5.8</u>	<u>\$ 5.5</u>
Exercisable at September 30, 2014 .....	<u>—</u>	<u>\$ —</u>	<u>—</u>	<u>\$ —</u>

(a) The pound sterling equivalent amounts for the aggregate intrinsic value for outstanding Liberty Global Class A and Class C PSARs are £1.1 million and £3.4 million, respectively.

<u>RSUs — Class A ordinary shares</u>	<u>Number of shares</u>	<u>Weighted average grant-date fair value per share</u>	<u>Weighted average remaining contractual term</u> in years
Outstanding at January 1, 2014 .....	453,087	\$ 38.85	
Granted .....	51,632	\$ 41.04	
Forfeited .....	(10,517)	\$ 38.72	
Released from restrictions .....	(184,444)	\$ 38.62	
Transfers .....	(20,601)	\$ 39.99	
Outstanding at September 30, 2014 .....	<u>289,157</u>	<u>\$ 39.03</u>	<u>6.4</u>



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<u>RSUs — Class C ordinary shares</u>	<u>Number of shares</u>	<u>Weighted average grant-date fair value per share</u>	<u>Weighted average remaining contractual term in years</u>
Outstanding at January 1, 2014 .....	1,134,213	\$ 36.27	
Granted .....	103,264	\$ 39.23	
Forfeited .....	(25,895)	\$ 36.19	
Released from restrictions .....	(451,632)	\$ 36.03	
Transfers .....	(50,177)	\$ 37.61	
Outstanding at September 30, 2014 .....	<u>709,773</u>	<u>\$ 36.49</u>	<u>6.5</u>
<u>PSUs — Class A ordinary shares</u>	<u>Number of shares</u>	<u>Weighted average grant-date fair value per share</u>	<u>Weighted average remaining contractual term in years</u>
Outstanding at January 1, 2014 .....	109,571	\$ 34.89	
Granted .....	61,654	\$ 40.60	
Performance adjustment (a) .....	(4,004)	\$ 26.18	
Released from restrictions .....	(8,578)	\$ 26.94	
Transfers .....	(6,986)	\$ 35.60	
Outstanding at September 30, 2014 .....	<u>151,657</u>	<u>\$ 37.86</u>	<u>1.5</u>
<u>PSUs — Class C ordinary shares</u>	<u>Number of shares</u>	<u>Weighted average grant-date fair value per share</u>	<u>Weighted average remaining contractual term in years</u>
Outstanding at January 1, 2014 .....	301,737	\$ 32.58	
Granted .....	135,378	\$ 38.60	
Performance adjustment (a) .....	(12,012)	\$ 24.74	
Released from restrictions .....	(25,734)	\$ 25.42	
Transfers .....	(17,984)	\$ 33.29	
Outstanding at September 30, 2014 .....	<u>381,385</u>	<u>\$ 36.71</u>	<u>1.5</u>

(a) Represents the reduction in PSUs associated with the first quarter 2014 determination that 66.3% of the PSUs that were granted in 2012 (the 2012 PSUs) had been earned. As of September 30, 2014, all of the earned 2012 PSUs have been released from restrictions.

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**(9) Related-party Transactions**

Our related-party transactions during the Successor periods consist of the following:

	Three-month period		Nine-month period	
	Three months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Period from June 8 to September 30, 2013
	in millions			
Revenue .....	£ 0.1	£ 0.2	£ 0.2	£ 0.2
Operating expenses .....	1.1	—	2.9	—
SG&A expenses .....	(1.2)	0.1	(4.2)	0.1
Allocated share-based compensation expense .....	(7.5)	(52.7)	(23.2)	(52.7)
Fees and allocations, net .....	(0.5)	—	(2.3)	—
Included in operating income (loss) .....	(8.0)	(52.4)	(26.6)	(52.4)
Interest income .....	58.4	48.2	167.2	58.9
Realized gain (loss) on derivative instruments .....	0.6	—	(2.2)	—
Interest expense .....	—	(2.2)	—	(5.8)
Included in net earnings (loss) .....	<u>£ 51.0</u>	<u>£ (6.4)</u>	<u>£ 138.4</u>	<u>£ 0.7</u>

*General.* Virgin Media charges fees and allocates costs and expenses to certain other Liberty Global subsidiaries and certain Liberty Global subsidiaries outside of Virgin Media charge fees and allocate costs and expenses to Virgin Media. Depending on the nature of these related-party transactions, the amount of the charges or allocations may be based on (i) our estimated share of the underlying costs, (ii) our estimated share of the underlying costs plus a mark-up or (iii) commercially-negotiated rates. Although we believe that the related-party charges and allocations described below are reasonable, no assurance can be given that the related-party costs and expenses reflected in our consolidated statements of operations are reflective of the costs that we would incur on a standalone basis. Our related-party transactions are generally cash settled.

*Revenue.* Amounts consist primarily of network access charges to UPC Holding B.V. (UPC Holding), a subsidiary of Liberty Global that is outside of Virgin Media.

*Operating expenses.* Amounts primarily consist of the net effect of (i) personnel costs charged to Liberty Global Operations B.V. (LGO B.V.), (ii) network-related expenses charged by UPC Holding and (iii) information technology-related expenses charged by Liberty Global Services B.V. (LGS B.V.) LGO B.V. and LGS B.V. are each subsidiaries of Liberty Global that are outside of Virgin Media.

*SG&A expenses.* Amounts consist primarily of the net effect of (i) information technology-related expenses charged by LGS B.V., (ii) insurance-related expenses charged by Liberty Global Insurance Company Limited, a subsidiary of Liberty Global that is outside of Virgin Media and (iii) personnel costs charged to LGO B.V.

*Allocated share-based compensation expense.* As further described in note 8, Liberty Global allocates share-based compensation expense to our company.

*Fees and allocations, net.* These amounts, which are based on our company's estimated share of the applicable costs (including personnel-related and other costs associated with the services provided) incurred by other Liberty Global subsidiaries, represent the aggregate net effect of charges between subsidiaries of Virgin Media and various Liberty Global subsidiaries that are outside of Virgin Media. These charges generally relate to management, finance, legal, technology and other corporate and administrative services provided to our subsidiaries and are included in impairment, restructuring and other operating items, net, in our condensed consolidation statements of operations.

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*Interest income.* Amounts represent interest income on related-party notes, as further described below.

*Realized gain (loss) on derivative instruments.* As further described in note 3, these amounts relate to related-party derivative instruments with LGE Financing.

*Interest expense.* Amounts represent interest expense on a related-party note to LGI that we entered into in connection with the LG/VM Transaction. During the period from June 8 to September 30, 2013, repayments were made on the note aggregating £832.2 million and as of September 30, 2013, the note was fully repaid. This note bore interest at a rate of 7.5%.

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

	Successor	
	September 30, 2014	December 31, 2013
	in millions	
Current note receivable (a) .....	£ 263.7	£ —
Current receivables (b) .....	117.8	88.1
Long-term notes receivable (c) .....	2,848.7	2,373.5
Total .....	<u>£3,230.2</u>	<u>£2,461.6</u>
Other payables (d) .....	<u>£ 11.5</u>	<u>£ 87.6</u>

(a) Amount represents a note receivable from Lynx Europe 2 Limited (Lynx Europe 2), our immediate parent, that is owed to our subsidiary, Virgin Media Finco Limited. Pursuant to the loan agreement the maturity date is July 16, 2023, however Virgin Media Finco Limited can require repayment of all or part of the amount outstanding within three business days of providing notice to Lynx Europe 2. The note receivable is subject to further borrowings and repayments. The interest rate on this loan, which is subject to adjustment, was 5.855% as of September 30, 2014.

(b) Amounts represent (i) accrued interest on notes receivable from Lynx Europe 2, including £90.8 million (equivalent) and £40.1 million (equivalent), respectively, owed to our subsidiary, Virgin Media Finco Limited, and £17.8 million (equivalent) and £0.1 million (equivalent), respectively, owed to Virgin Media, (ii) employee withholding taxes collected by Liberty Global on our behalf of £4.0 million (equivalent) and £43.3 million (equivalent), respectively, and (iii) certain receivables from other Liberty Global subsidiaries arising in the normal course of business. The accrued interest on the long-term notes receivable is payable semi-annually on April 15 and October 15 and may be cash settled or, if mutually agreed, loan settled. The accrued interest on the current note receivable is payable on various dates as noted in the agreement and may be loan settled. The withholding taxes and other receivables are settled periodically.

(c) Amounts represent:

(i) notes receivable from Lynx Europe 2 that are owed to Virgin Media Finco Limited. These notes mature on April 15, 2023 and bear interest at a rate of 8.5%. At each of September 30, 2014 and December 31, 2013, the principal amount outstanding under these notes was £2,297.3 million;

(ii) a note receivable from LGE Holdco V BV, a subsidiary of Liberty Global, that is owed to us. This note, which originated this year and matures on March 6, 2019, bears interest at a rate of 5.93%. At September 30, 2014, this note had a principal balance of €327.3 million (£254.8 million);

(iii) a note receivable from Liberty Global Incorporated Limited, a subsidiary of Liberty Global, that is owed to us. This note, which originated this year and matures on January 30, 2017, bears interest at a rate of 3.73%. At September 30, 2014, this note had a principal balance of \$189.5 million (£116.9 million);

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- (iv) a note receivable from Lynx Europe 2 that is owed to us. At September 30, 2014 and December 31, 2013, this note, which matures on or before April 15, 2023, had a principal balance of \$272.5 million (£168.0 million) and \$107.5 million (£66.3 million), respectively. This note bears interest at a rate of 7.875%. The net increase during the nine months ended September 30, 2014 relates to a cash borrowing of £98.7 million (equivalent at the transaction date) and an increase of £5.0 million due to the cumulative translation adjustment during the period; and
- (v) a note receivable from Liberty Global that is owed to us. At September 30, 2014 and December 31, 2013, this note, which matures on June 4, 2018, had a principal balance of \$18.8 million (£11.7 million) and \$18.6 million (£11.5 million), respectively. This note bears interest at a rate of 1.74%. The increase during the nine months ended September 30, 2014 relates to an increase of (i) £0.3 million due to the cumulative translation adjustment during the period and (ii) £0.2 million (equivalent at the transaction date) in accrued interest. This note receivable originated as a result of a non-cash transaction on the date of the LG/VM Transaction that resulted in a corresponding increase to our additional paid-in capital. This non-cash transaction involved the transfer of shares of Old Virgin Media held in a trust to a trust consolidated by Liberty Global in exchange for this note.
- (d) Amounts represent (i) £7.7 million (equivalent) and £66.0 million (equivalent), respectively, arising from capital charges from Liberty Global, as described below, (ii) nil and £16.3 million (equivalent), respectively, related to deferred financing costs paid by LGI on our behalf and (iii) certain payables to other Liberty Global subsidiaries arising in the normal course of business. The payables related to the capital charges and deferred financing costs are settled periodically. None of these payables are currently interest bearing.

During the nine months ended September 30, 2014 and the period from June 8 to September 30, 2013, we recorded capital charges of \$38.8 million (£23.2 million at the applicable rate) and \$81.8 million (£52.7 million at the applicable rate), respectively, in our condensed consolidated statements of equity in connection with the exercise of Liberty Global options and the vesting of Liberty Global restricted share awards held by employees of our subsidiaries. These capital charges, which we and Liberty Global have agreed will not exceed the cumulative amount of share-based compensation allocated to our company by Liberty Global following the LG/VM Transaction, are based on the fair value of the underlying Liberty Global shares on the exercise or vesting date, as applicable.

During the third quarter of 2014, tax losses with an aggregate tax effect of £97.0 million were surrendered by Liberty Global and its U.K. subsidiaries outside of Virgin Media to our U.K. subsidiaries. For additional information, see note 7.

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**(10) Commitments and Contingencies**

*Commitments*

In the normal course of business, we have entered into agreements that commit our company to make cash payments in future periods with respect to programming contracts, network and connectivity commitments, purchases of customer premises and other equipment, non-cancelable operating leases and other items. Our pound sterling equivalents of such commitments as of September 30, 2014 are presented below:

	Remainder of 2014	Payments due during:					Thereafter	Total
		Year ending December 31,						
		2015	2016	2017	2018	2019		
		in millions						
Programming commitments . . . . .	£ 114.3	£ 361.2	£ 336.1	£ 297.1	£ 294.1	£ 142.2	£ —	£ 1,545.0
Network and connectivity commitments . . . . .	25.2	96.9	77.7	76.1	18.6	0.6	4.6	299.7
Purchase commitments . . . . .	199.4	71.5	—	—	—	—	—	270.9
Operating leases . . . . .	9.5	34.7	28.4	21.8	16.1	10.1	40.9	161.5
Other commitments . . . . .	25.4	88.5	39.5	28.4	11.0	—	—	192.8
Total (a) . . . . .	£ 373.8	£ 652.8	£ 481.7	£ 423.4	£ 339.8	£ 152.9	£ 45.5	£ 2,469.9

(a) The commitments reflected in this table do not reflect any liabilities that are included in our September 30, 2014 condensed consolidated balance sheet.

Programming commitments consist of obligations associated with certain of our programming and sports rights contracts that are enforceable and legally binding on us in that we have agreed to pay minimum fees without regard to (i) the actual number of subscribers to the programming services, (ii) whether we terminate service to a portion of our subscribers or dispose of a portion of our distribution systems or (iii) whether we discontinue our premium film or sports services. In addition, programming commitments do not include increases in future periods associated with contractual inflation or other price adjustments. Accordingly, the amounts reflected in the above table with respect to these contracts are significantly less than the amounts we expect to pay in these periods under these contracts. Payments to programming vendors have in the past represented, and are expected to continue to represent in the future, a significant portion of our operating costs. In this regard, during the nine months ended September 30, 2014, the period from June 8 to September 30, 2013 and the period from January 1 to June 7, 2013, the programming costs incurred aggregated £422.9 million, £164.4 million and £232.2 million, respectively. The ultimate amount payable in excess of the contractual minimums of our content contracts is dependent upon the number of subscribers to our service.

Network and connectivity commitments include, among other items, only the fixed minimum commitments associated with our mobile virtual network operator (MVNO) agreement. As such, the commitments shown in the above table may be significantly less than the actual amounts we ultimately pay in these periods.

Purchase commitments include unconditional purchase obligations associated with commitments to purchase customer premises and other equipment that are enforceable and legally binding on us.

In addition to the commitments set forth in the table above, we have significant commitments under (i) derivative instruments and (ii) defined benefit plans and similar agreements, pursuant to which we expect to make payments in future periods. For information concerning our derivative instruments, including the net cash

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paid or received in connection with these instruments during the nine months ended September 30, 2014, the period from June 8 to September 30, 2013 and the period from January 1 to June 7, 2013, see note 3.

***Guarantees and Other Credit Enhancements***

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

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

*VAT Matter.* Our application of VAT with respect to certain revenue generating activities has been challenged by the U.K. tax authorities. We have estimated our maximum exposure in the event of an unfavorable outcome to be £39.3 million as of September 30, 2014. No portion of this exposure has been accrued by our company as the likelihood of loss is not considered to be probable. A court hearing was held at the end of September 2014 in relation to the U.K tax authorities' challenge and the court's decision is expected at some point prior to March 31, 2015.

*Other Regulatory Issues.* Broadband communications and mobile businesses are subject to significant regulation and supervision by various regulatory bodies in the jurisdictions in which we operate, and other U.K. and European Union (EU) authorities. Adverse regulatory developments could subject our businesses to a number of risks. Regulation could limit growth, revenue and the number and types of services offered and could lead to increased operating costs and property and equipment additions. In addition, regulation may restrict our operations and subject them to further competitive pressure, including pricing restrictions, interconnect and other access obligations, and restrictions or controls on content, including content provided by third parties. Failure to comply with current or future regulation could expose our businesses to various penalties.

We have security accreditations across a range of B2B products and services in order to increase our offerings to public sector organizations in the U.K. These accreditations are granted subject to periodic reviews of our policies and procedures by U.K. governmental authorities. If we were to fail to maintain these accreditations or obtain new accreditations when required, it could impact our ability to provide certain offerings to the public sector.

*Other.* In addition to the foregoing items, we have contingent liabilities related to matters arising in the ordinary course of business including (i) legal proceedings, (ii) issues involving VAT and wage, property and other tax issues and (iii) disputes over interconnection, programming, copyright and carriage fees. While we generally expect that the amounts required to satisfy these contingencies will not materially differ from any estimated amounts we have accrued, no assurance can be given that the resolution of one or more of these contingencies will not result in a material impact on our results of operations, cash flows or financial position in any given period. Due, in general, to the complexity of the issues involved and, in certain cases, the lack of a clear basis for predicting outcomes, we cannot provide a meaningful range of potential losses or cash outflows that might result from any unfavorable outcomes.

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**(11) Segment Reporting**

We operate in one geographical area, the U.K., within which we provide digital cable, broadband internet, fixed-line telephony and mobile services to residential and/or business customers.

Our revenue by major category is set forth below (in millions):

	Three-month period		Nine-month period		Predecessor
	Successor		Successor		
	Three months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Period from June 8 to September 30, 2013	
Subscription revenue:					
Digital cable	£ 234.7	£ 242.6	£ 717.9	£ 305.0	£ 423.6
Broadband internet	259.8	216.9	756.2	272.9	377.8
Fixed-line telephony	230.0	244.1	714.8	306.5	433.2
Cable subscription revenue (a)	724.5	703.6	2,188.9	884.4	1,234.6
Mobile subscription revenue (b)	122.5	111.8	355.6	139.1	187.5
Total subscription revenue	847.0	815.4	2,544.5	1,023.5	1,422.1
B2B revenue (c)	155.2	146.6	458.9	182.5	275.0
Other revenue (d)	44.6	60.8	141.6	75.8	113.1
Total revenue	<u>£ 1,046.8</u>	<u>£ 1,022.8</u>	<u>£ 3,145.0</u>	<u>£ 1,281.8</u>	<u>£ 1,810.2</u>

- (a) Cable subscription revenue includes amounts received from subscribers for ongoing services, excluding installation fees, mobile services revenue and late fees. Subscription revenue from subscribers who purchase bundled services at a discounted rate is generally allocated proportionally to each service based on the standalone price for each individual service. As a result, changes in the standalone pricing of our cable and mobile products or the composition of bundles can contribute to changes in our product revenue categories from period to period.
- (b) Mobile subscription revenue excludes mobile interconnect revenue of £19.8 million and £20.0 million during the three months ended September 30, 2014 and 2013, respectively, and £60.1 million, £25.2 million and £38.9 million during the nine months ended September 30, 2014, the period from June 8 to September 30, 2013 and the period from January 1 to June 7, 2013, respectively. Mobile interconnect revenue and revenue from mobile handset sales are included in other revenue.
- (c) B2B revenue includes revenue from business broadband internet, voice, wireless and data services offered to medium to large enterprises and, on a wholesale basis, to other operators.
- (d) Other revenue includes, among other items, interconnect revenue, revenue from non-cable services and revenue from late fees.

**(12) Condensed Consolidating Financial Information — Senior Notes**

We present the following condensed consolidating financial information as of September 30, 2014 and December 31, 2013 and for the three months ended September 30, 2014 and 2013, the nine months ended September 30, 2014, the Successor period from June 8 to September 30, 2013 and the Predecessor period from January 1 to June 7, 2013, as required by the applicable underlying indentures.

**VIRGIN MEDIA INC.**  
**(See note 1)**  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
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**(unaudited)**

As of September 30, 2014, Virgin Media Finance PLC (Virgin Media Finance) is the issuer of the following senior notes:

- \$507.1 million (£312.6 million) aggregate principal amount of 8.375% senior notes due October 15, 2019 (the 2019 VM Dollar Senior Notes);
- £253.5 million aggregate principal amount of 8.875% senior notes due October 15, 2019 (the 2019 VM Sterling Senior Notes);
- \$530.0 million (£326.7 million) aggregate principal amount of 6.375% senior notes due April 15, 2023;
- £250.0 million aggregate principal amount of 7.0% senior notes due April 15, 2023;
- \$95.0 million (£58.6 million) aggregate principal amount of 5.25% senior notes due February 15, 2022;
- \$118.7 million (£73.2 million) aggregate principal amount of 4.875% senior notes due February 15, 2022; and
- £44.1 million aggregate principal amount of 5.125% senior notes due February 15, 2022.

Virgin Media and certain of its subsidiaries, namely Virgin Media Group LLC (Virgin Media Group), Virgin Media Holdings Inc. (Virgin Media Holdings), Virgin Media (UK) Group, Inc. (Virgin Media (UK) Group) and Virgin Media Communications, have guaranteed the senior notes on a senior basis. Each of VMIH and Virgin Media Investments Limited (VMIL) are conditional guarantors and have guaranteed the senior notes on a senior subordinated basis.



**VIRGIN MEDIA INC.**  
(See note 1)  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**September 30, 2014**  
(unaudited)

	Successor							
	September 30, 2014							
Balance sheets	Virgin Media	Virgin Media Finance	Other guarantors	VMIH	VMIL	All other subsidiaries	Eliminations	Total
	in millions							
<b>ASSETS</b>								
Current assets:								
Cash and cash equivalents . . . . .	£ 0.6	£ —	£ —	£ 0.3	£ —	£ 29.9	£ —	£ 30.8
Related-party note and other receivables . . . . .	17.8	—	—	—	—	363.7	—	381.5
Other current assets . . . . .	—	—	—	26.8	—	549.7	—	576.5
Other current assets — intercompany . . . . .	—	0.4	—	0.6	—	0.9	(1.9)	—
Total current assets . . . . .	18.4	0.4	—	27.7	—	944.2	(1.9)	988.8
Property and equipment, net . . . . .	—	—	—	—	—	5,851.7	—	5,851.7
Goodwill . . . . .	—	—	—	—	—	5,793.7	—	5,793.7
Intangible assets subject to amortization, net . . . . .	—	—	—	—	—	2,047.7	—	2,047.7
Investments in, and loans to, parent and subsidiary companies . . . . .	8,544.0	9,510.8	8,753.8	12,206.9	12,336.9	(6,776.5)	(44,575.9)	—
Deferred income taxes . . . . .	—	—	—	—	—	1,482.1	—	1,482.1
Related-party notes receivable . . . . .	551.4	—	—	—	—	2,297.3	—	2,848.7
Other assets, net . . . . .	60.2	10.4	—	100.6	—	94.2	—	265.4
Other assets, net — intercompany . . . . .	—	—	—	39.9	—	—	(39.9)	—
Total assets . . . . .	<u>£9,174.0</u>	<u>£9,521.6</u>	<u>£ 8,753.8</u>	<u>£12,375.1</u>	<u>£12,336.9</u>	<u>£ 11,734.4</u>	<u>£ (44,617.7)</u>	<u>£19,278.1</u>
<b>LIABILITIES AND EQUITY</b>								
Current liabilities:								
Intercompany and related-party payables . . . . .	£ 78.0	£ 1.7	£ 3.1	£ 126.9	£ —	£ 851.6	£ (1,049.8)	£ 11.5
Other current liabilities . . . . .	102.7	41.2	—	193.2	—	1,360.6	—	1,697.7
Other current liabilities — intercompany . . . . .	—	—	—	1.3	—	0.6	(1.9)	—
Total current liabilities . . . . .	180.7	42.9	3.1	321.4	—	2,212.8	(1,051.7)	1,709.2
Long-term debt and capital lease obligations . . . . .	—	1,367.7	—	—	—	6,851.9	—	8,219.6
Other long-term liabilities . . . . .	—	—	—	185.9	—	170.2	—	356.1
Other long-term liabilities — intercompany . . . . .	—	13.1	—	—	—	26.8	(39.9)	—
Total liabilities . . . . .	180.7	1,423.7	3.1	507.3	—	9,261.7	(1,091.6)	10,284.9
Equity . . . . .	8,993.3	8,097.9	8,750.7	11,867.8	12,336.9	2,472.7	(43,526.1)	8,993.2
Total liabilities and equity . . . . .	<u>£9,174.0</u>	<u>£9,521.6</u>	<u>£ 8,753.8</u>	<u>£12,375.1</u>	<u>£12,336.9</u>	<u>£ 11,734.4</u>	<u>£ (44,617.7)</u>	<u>£19,278.1</u>

**VIRGIN MEDIA INC.**  
(See note 1)  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**September 30, 2014**  
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		Successor								
		December 31, 2013								
Balance sheets	Virgin Media	Virgin Media Finance	Other guarantors	VMIH	VMIL	All other subsidiaries	Eliminations	Total		
in millions										
<b>ASSETS</b>										
Current assets:										
Cash and cash equivalents .....	£ 313.3	£ 0.1	£ 0.2	£ 0.3	£ —	£ 29.1	£ —	£ 343.0		
Related-party receivables ..	0.2	—	—	—	—	87.9	—	88.1		
Other current assets .....	0.1	—	—	27.7	—	532.6	(0.1)	560.3		
Total current assets .....	313.6	0.1	0.2	28.0	—	649.6	(0.1)	991.4		
Property and equipment, net .....	—	—	—	—	—	6,112.6	—	6,112.6		
Goodwill .....	—	—	—	—	—	5,793.7	—	5,793.7		
Intangible assets subject to amortization, net .....	—	—	—	—	—	2,321.5	—	2,321.5		
Investments in, and loans to, parent and subsidiary companies .....	8,787.5	9,345.4	8,616.4	11,895.1	12,152.3	(7,491.0)	(43,305.7)	—		
Deferred income taxes .....	—	—	—	—	—	1,407.4	—	1,407.4		
Related-party notes receivable .....	76.2	—	—	—	—	2,297.3	—	2,373.5		
Other assets, net .....	79.8	11.3	—	137.9	—	82.1	—	311.1		
Other assets, net — intercompany .....	—	—	—	45.3	—	—	(45.3)	—		
Total assets .....	£ 9,257.1	£ 9,356.8	£ 8,616.6	£ 12,106.3	£ 12,152.3	£ 11,173.2	£ (43,351.1)	£ 19,311.2		
<b>LIABILITIES AND EQUITY</b>										
Current liabilities:										
Intercompany and related-party payables .....	£ 126.1	£ 2.7	£ 5.3	£ 67.8	£ —	£ 613.0	£ (727.3)	£ 87.6		
Other current liabilities .....	102.8	21.4	—	107.7	—	1,217.2	(0.1)	1,449.0		
Total current liabilities ..	228.9	24.1	5.3	175.5	—	1,830.2	(727.4)	1,536.6		
Long-term debt and capital lease obligations .....	—	1,358.4	—	—	—	6,930.9	—	8,289.3		
Other long-term liabilities .....	—	—	—	253.7	—	203.4	—	457.1		
Other long-term liabilities — intercompany .....	—	15.7	—	—	—	29.6	(45.3)	—		
Total liabilities .....	228.9	1,398.2	5.3	429.2	—	8,994.1	(772.7)	10,283.0		
Equity .....	9,028.2	7,958.6	8,611.3	11,677.1	12,152.3	2,179.1	(42,578.4)	9,028.2		
Total liabilities and equity .....	£ 9,257.1	£ 9,356.8	£ 8,616.6	£ 12,106.3	£ 12,152.3	£ 11,173.2	£ (43,351.1)	£ 19,311.2		

**VIRGIN MEDIA INC.**  
(See note 1)  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**September 30, 2014**  
(unaudited)

Statements of operations	Successor							
	Three months ended September 30, 2014							
	Virgin Media	Virgin Media Finance	Other guarantors	VMIH	VMIL	All other subsidiaries	Eliminations	Total
	in millions							
Revenue	£ —	£ —	£ —	£ —	£ —	£ 1,046.8	£ —	£1,046.8
Operating costs and expenses:								
Operating (other than depreciation and amortization)	—	—	—	—	—	437.9	—	437.9
SG&A (including share-based compensation)	0.9	—	—	—	—	163.2	—	164.1
Depreciation and amortization	—	—	—	—	—	368.8	—	368.8
Impairment, restructuring and other operating items, net	—	—	—	—	—	1.6	—	1.6
	<u>0.9</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>971.5</u>	<u>—</u>	<u>972.4</u>
Operating income (loss)	<u>(0.9)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>75.3</u>	<u>—</u>	<u>74.4</u>
Non-operating income (expense):								
Interest expense:								
Third-party	(2.4)	(21.4)	—	(3.0)	—	(84.6)	—	(111.4)
Intercompany	(48.0)	(1.4)	(2.8)	(93.4)	—	(267.2)	412.8	—
Interest income — related-party and intercompany	8.3	15.4	3.5	68.1	—	375.9	(412.8)	58.4
Realized and unrealized gains on derivative instruments, net:								
Third-party	2.6	—	—	130.4	—	—	—	133.0
Intercompany	—	10.3	—	(38.4)	—	28.1	—	—
Foreign currency transaction gains (losses), net	(21.9)	(15.8)	(2.8)	(44.5)	—	7.0	(50.0)	(128.0)
Other income, net	0.1	—	—	—	—	0.2	—	0.3
	<u>(61.3)</u>	<u>(12.9)</u>	<u>(2.1)</u>	<u>19.2</u>	<u>—</u>	<u>59.4</u>	<u>(50.0)</u>	<u>(47.7)</u>
Earnings (loss) before income taxes	(62.2)	(12.9)	(2.1)	19.2	—	134.7	(50.0)	26.7
Income tax expense	(0.1)	—	—	—	—	(12.6)	—	(12.7)
Earnings (loss) after income taxes	(62.3)	(12.9)	(2.1)	19.2	—	122.1	(50.0)	14.0
Equity in net earnings of subsidiaries	76.2	90.5	78.4	121.1	58.1	—	(424.3)	—
Net earnings	<u>£ 13.9</u>	<u>£ 77.6</u>	<u>£ 76.3</u>	<u>£140.3</u>	<u>£ 58.1</u>	<u>£ 122.1</u>	<u>£ (474.3)</u>	<u>£ 14.0</u>
Total comprehensive earnings (loss)	<u>£ (44.4)</u>	<u>£ 87.4</u>	<u>£ 82.7</u>	<u>£150.1</u>	<u>£ 67.9</u>	<u>£ 131.8</u>	<u>£ (519.9)</u>	<u>£ (44.4)</u>

**VIRGIN MEDIA INC.**  
(See note 1)  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**September 30, 2014**  
(unaudited)

Statements of operations	Successor							
	Three months ended September 30, 2013							
	Virgin Media	Virgin Media Finance	Other guarantors	VMIH	VMIL	All other subsidiaries	Eliminations	Total
	in millions							
Revenue .....	£ —	£ —	£ —	£ —	£ —	£ 1,022.8	£ —	£1,022.8
Operating costs and expenses:								
Operating (other than depreciation and amortization) .....	—	—	—	—	—	465.9	—	465.9
SG&A (including share-based compensation) .....	0.3	—	(0.7)	—	—	170.1	—	169.7
Depreciation and amortization .....	—	—	—	—	—	411.5	—	411.5
Impairment, restructuring and other operating items, net .....	0.5	—	—	—	—	21.1	—	21.6
	<u>0.8</u>	<u>—</u>	<u>(0.7)</u>	<u>—</u>	<u>—</u>	<u>1,068.6</u>	<u>—</u>	<u>1,068.7</u>
Operating income (loss) .....	<u>(0.8)</u>	<u>—</u>	<u>0.7</u>	<u>—</u>	<u>—</u>	<u>(45.8)</u>	<u>—</u>	<u>(45.9)</u>
Non-operating income (expense):								
Interest expense:								
Third-party .....	(2.6)	(21.7)	—	(2.8)	—	(90.8)	—	(117.9)
Related-party and intercompany ...	(43.6)	(1.2)	(2.7)	(90.6)	—	(237.2)	373.1	(2.2)
Interest income — related-party and intercompany .....	—	15.9	3.5	71.5	—	330.4	(373.1)	48.2
Realized and unrealized losses on derivative instruments, net .....	(10.1)	—	—	(261.8)	—	—	—	(271.9)
Foreign currency transaction gains (losses), net .....	11.3	19.0	(3.3)	69.4	—	(10.7)	18.0	103.7
Other income (expense), net .....	0.2	—	—	—	—	(0.4)	—	(0.2)
	<u>(44.8)</u>	<u>12.0</u>	<u>(2.5)</u>	<u>(214.3)</u>	<u>—</u>	<u>(8.7)</u>	<u>18.0</u>	<u>(240.3)</u>
Earnings (loss) before income taxes .....	(45.6)	12.0	(1.8)	(214.3)	—	(54.5)	18.0	(286.2)
Income tax expense .....	—	—	—	—	—	(173.1)	—	(173.1)
Earnings (loss) after income taxes .....	(45.6)	12.0	(1.8)	(214.3)	—	(227.6)	18.0	(459.3)
Equity in net loss of subsidiaries .....	(413.7)	(415.7)	(411.7)	(219.5)	(224.5)	—	1,685.1	—
Net loss .....	<u>£ (459.3)</u>	<u>£ (403.7)</u>	<u>£ (413.5)</u>	<u>£(433.8)</u>	<u>£(224.5)</u>	<u>£ (227.6)</u>	<u>£ 1,703.1</u>	<u>£ (459.3)</u>
Total comprehensive loss .....	<u>£ (289.4)</u>	<u>£ (415.8)</u>	<u>£ (422.3)</u>	<u>£(445.9)</u>	<u>£(236.6)</u>	<u>£ (239.7)</u>	<u>£ 1,760.3</u>	<u>£ (289.4)</u>

**VIRGIN MEDIA INC.**  
(See note 1)  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**September 30, 2014**  
(unaudited)

Statements of operations	Successor							
	Nine months ended September 30, 2014							
	Virgin Media	Virgin Media Finance	Other guarantors	VMIH	VMIL	All other subsidiaries	Eliminations	Total
	in millions							
Revenue .....	£ —	£ —	£ —	£ —	£ —	£ 3,145.0	£ —	£3,145.0
Operating costs and expenses:								
Operating (other than depreciation and amortization) .....	—	—	—	—	—	1,355.7	—	1,355.7
SG&A (including share-based compensation) .....	2.9	—	—	—	—	456.7	—	459.6
Depreciation and amortization .....	—	—	—	—	—	1,182.9	—	1,182.9
Impairment, restructuring and other operating items, net .....	—	—	—	—	—	14.3	—	14.3
	<u>2.9</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,009.6</u>	<u>—</u>	<u>3,012.5</u>
Operating income (loss) .....	<u>(2.9)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>135.4</u>	<u>—</u>	<u>132.5</u>
Non-operating income (expense):								
Interest expense:								
Third-party .....	(8.3)	(64.3)	—	(8.0)	—	(260.7)	—	(341.3)
Intercompany .....	(138.9)	(3.9)	(8.3)	(265.7)	—	(799.0)	1,215.8	—
Interest income — related-party and intercompany .....	19.5	46.3	10.5	209.9	—	1,096.8	(1,215.8)	167.2
Realized and unrealized gains on derivative instruments, net:								
Third-party .....	0.6	—	—	(14.2)	—	—	—	(13.6)
Intercompany .....	—	2.9	—	(8.5)	—	5.6	—	—
Foreign currency transaction gains (losses), net .....	(20.4)	(6.5)	(8.4)	(9.2)	—	12.1	(26.0)	(58.4)
Other income, net .....	0.1	—	0.5	—	—	0.4	—	1.0
	<u>(147.4)</u>	<u>(25.5)</u>	<u>(5.7)</u>	<u>(95.7)</u>	<u>—</u>	<u>55.2</u>	<u>(26.0)</u>	<u>(245.1)</u>
Earnings (loss) before income taxes .....	(150.3)	(25.5)	(5.7)	(95.7)	—	190.6	(26.0)	(112.6)
Income tax benefit (expense) .....	(0.1)	—	(0.1)	—	—	2.1	—	1.9
Earnings (loss) after income taxes ..	(150.4)	(25.5)	(5.8)	(95.7)	—	192.7	(26.0)	(110.7)
Equity in net earnings of subsidiaries .....	39.7	63.7	45.6	185.1	83.4	—	(417.5)	—
Net earnings (loss) .....	<u>£ (110.7)</u>	<u>£ 38.2</u>	<u>£ 39.8</u>	<u>£ 89.4</u>	<u>£ 83.4</u>	<u>£ 192.7</u>	<u>£ (443.5)</u>	<u>£ (110.7)</u>
Total comprehensive earnings (loss) .....	<u>£ (132.0)</u>	<u>£ 42.3</u>	<u>£ 42.5</u>	<u>£ 93.5</u>	<u>£ 87.5</u>	<u>£ 196.8</u>	<u>£ (462.6)</u>	<u>£ (132.0)</u>

**VIRGIN MEDIA INC.**  
(See note 1)  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**September 30, 2014**  
(unaudited)

Statements of operations	Successor							
	Period from June 8 to September 30, 2013							
	Virgin Media	Virgin Media Finance	Other guarantors	VMIH	VMIL	All other subsidiaries	Eliminations	Total
	in millions							
Revenue .....	£ —	£ —	£ —	£ —	£ —	£ 1,281.8	£ —	£ 1,281.8
Operating costs and expenses:								
Operating (other than depreciation and amortization) .....	—	—	—	—	—	578.5	—	578.5
SG&A (including share-based compensation) .....	2.6	—	—	—	—	223.5	—	226.1
Depreciation and amortization .....	—	—	—	—	—	504.2	—	504.2
Impairment, restructuring and other operating items, net ...	0.5	—	—	—	—	26.5	—	27.0
	<u>3.1</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,332.7</u>	<u>—</u>	<u>1,335.8</u>
Operating loss .....	<u>(3.1)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(50.9)</u>	<u>—</u>	<u>(54.0)</u>
Non-operating income (expense):								
Interest expense:								
Third-party .....	(5.9)	(28.8)	—	(0.3)	—	(115.0)	—	(150.0)
Related-party and intercompany .....	(55.9)	(1.4)	(3.4)	(130.3)	—	(293.0)	478.2	(5.8)
Interest income — related-party and intercompany .....	—	30.8	4.4	106.7	—	395.2	(478.2)	58.9
Realized and unrealized gains (losses) on derivative instruments, net .....	32.8	—	—	(184.5)	—	—	—	(151.7)
Foreign currency transaction gains (losses), net .....	18.9	11.0	(2.4)	39.7	—	1.5	11.8	80.5
Other income (expense), net ...	0.2	(0.3)	—	—	—	0.9	—	0.8
	<u>(9.9)</u>	<u>11.3</u>	<u>(1.4)</u>	<u>(168.7)</u>	<u>—</u>	<u>(10.4)</u>	<u>11.8</u>	<u>(167.3)</u>
Earnings (loss) before income taxes .....	(13.0)	11.3	(1.4)	(168.7)	—	(61.3)	11.8	(221.3)
Income tax expense .....	—	—	—	—	—	(179.6)	—	(179.6)
Earnings (loss) after income taxes .....	(13.0)	11.3	(1.4)	(168.7)	—	(240.9)	11.8	(400.9)
Equity in net loss of subsidiaries .....	(387.9)	(384.5)	(386.3)	(227.6)	(255.0)	—	1,641.3	—
Net loss .....	<u>£ (400.9)</u>	<u>£ (373.2)</u>	<u>£ (387.7)</u>	<u>£ (396.3)</u>	<u>£ (255.0)</u>	<u>£ (240.9)</u>	<u>£ 1,653.1</u>	<u>£ (400.9)</u>
Total comprehensive loss ...	<u>£ (299.4)</u>	<u>£ (381.2)</u>	<u>£ (392.4)</u>	<u>£ (404.5)</u>	<u>£ (262.9)</u>	<u>£ (248.8)</u>	<u>£ 1,689.8</u>	<u>£ (299.4)</u>

**VIRGIN MEDIA INC.**  
(See note 1)  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**September 30, 2014**  
(unaudited)

Statements of operations	Predecessor									
	Period from January 1 to June 7, 2013									
	Old Virgin Media	Virgin Media Finance	Other guarantors	VMIH	VMIL	All other subsidiaries	Eliminations	Total		
	in millions									
Revenue .....	£ —	£ —	£ —	£ —	£ —	£ 1,810.2	£ —	£1,810.2		
Operating costs and expenses:										
Operating (other than depreciation and amortization) .....	—	—	—	—	—	845.4	—	845.4		
SG&A (including share-based compensation) .....	8.4	—	—	—	—	247.7	—	256.1		
Depreciation and amortization .....	—	—	—	—	—	432.8	—	432.8		
Impairment, restructuring and other operating items, net .....	53.8	—	—	—	—	(2.6)	—	51.2		
	62.2	—	—	—	—	1,523.3	—	1,585.5		
Operating income (loss) .....	(62.2)	—	—	—	—	286.9	—	224.7		
Non-operating income (expense):										
Interest expense — third-party .....	(55.9)	(54.1)	(4.8)	(127.2)	—	(371.3)	456.6	(156.7)		
Interest income — intercompany .....	—	53.6	6.0	62.7	—	334.3	(456.6)	—		
Realized and unrealized gains on derivative instruments, net .....	50.0	—	—	1.8	—	—	—	51.8		
Foreign currency transaction gains (losses), net .....	(0.1)	2.6	5.6	23.7	—	(3.9)	(30.0)	(2.1)		
Other income (expense), net .....	(0.1)	—	—	0.2	—	0.2	—	0.3		
	(6.1)	2.1	6.8	(38.8)	—	(40.7)	(30.0)	(106.7)		
Earnings (loss) before income taxes .....	(68.3)	2.1	6.8	(38.8)	—	246.2	(30.0)	118.0		
Income tax expense .....	—	—	—	(0.7)	—	(17.4)	—	(18.1)		
Earnings (loss) after income taxes .....	(68.3)	2.1	6.8	(39.5)	—	228.8	(30.0)	99.9		
Equity in net earnings of subsidiaries .....	168.2	140.2	161.2	209.7	222.9	—	(902.2)	—		
Net earnings .....	£ 99.9	£ 142.3	£ 168.0	£ 170.2	£ 222.9	£ 228.8	£ (932.2)	£ 99.9		
Total comprehensive earnings .....	£ 83.1	£ 135.3	£ 161.0	£ 163.2	£ 223.5	£ 229.4	£ (912.4)	£ 83.1		

**VIRGIN MEDIA INC.**  
(See note 1)  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**September 30, 2014**  
(unaudited)

Statements of cash flows	Successor						
	Nine months ended September 30, 2014						
	Virgin Media	Virgin Media Finance	Other guarantors	VMIH	VMIL	All other subsidiaries	Total
	in millions						
Cash flows from operating activities:							
Net cash provided (used) by operating activities . . . . .	£(121.1)	£ (20.0)	£ 2.5	£ (53.7)	£ —	£ 1,343.5	£ 1,151.2
Cash flows from investing activities:							
Loans to related party . . . . .	(484.3)	—	—	—	—	(263.7)	(748.0)
Capital expenditures . . . . .	—	—	—	—	—	(460.5)	(460.5)
Other investing activities, net . . .	—	—	—	—	—	(6.4)	(6.4)
Net cash used by investing activities . . . . .	(484.3)	—	—	—	—	(730.6)	(1,214.9)
Cash flows from financing activities:							
Repayments and repurchases of debt and capital lease obligations . . . . .	—	—	—	(58.1)	—	(1,636.4)	(1,694.5)
Borrowings of debt . . . . .	—	—	—	—	—	1,535.5	1,535.5
Contributions (distributions) . . .	294.9	19.9	(2.7)	140.3	—	(452.4)	—
Payment of financing costs and debt premiums . . . . .	—	—	—	—	—	(58.8)	(58.8)
Other financing activities, net . .	(0.1)	—	—	(28.5)	—	—	(28.6)
Net cash provided (used) by financing activities . . . . .	294.8	19.9	(2.7)	53.7	—	(612.1)	(246.4)
Effect of exchange rates on cash and cash equivalents . . . . .	(2.1)	—	—	—	—	—	(2.1)
Net increase (decrease) in cash and cash equivalents . . . . .	(312.7)	(0.1)	(0.2)	—	—	0.8	(312.2)
Cash and cash equivalents:							
Beginning of period . . . . .	313.3	0.1	0.2	0.3	—	29.1	343.0
End of period . . . . .	£ 0.6	£ —	£ —	£ 0.3	£ —	£ 29.9	£ 30.8



**VIRGIN MEDIA INC.**  
(See note 1)  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**September 30, 2014**  
(unaudited)

Statements of cash flows	Successor						
	Period from June 8 to September 30, 2013						
	Virgin Media	Virgin Media Finance	Other guarantors	VMIH	VMIL	All other subsidiaries	Total
	in millions						
Cash flows from operating activities:							
Net cash provided (used) by operating activities ..	£ (69.9)	£ 13.6	£ 0.4	£ (28.1)	£ —	£ 390.3	£ 306.3
Cash flows from investing activities:							
Loans to related party .....	—	—	—	—	—	(2,290.6)	(2,290.6)
Capital expenditures .....	—	—	—	—	—	(250.5)	(250.5)
Other investing activities, net ..	—	—	—	—	—	1.3	1.3
Net cash used by investing activities .....	—	—	—	—	—	(2,539.8)	(2,539.8)
Cash flows from financing activities:							
Repayments and repurchases of debt and capital lease obligations .....	(2,832.7)	(1,116.8)	—	(149.0)	—	(77.3)	(4,175.8)
Borrowings of debt .....	—	—	—	149.0	—	1,983.4	2,132.4
Release of restricted cash from escrow .....	—	586.0	—	—	—	1,727.6	2,313.6
Contributions (distributions) ...	2,796.7	511.1	(0.3)	16.0	—	(1,865.1)	1,458.4
Net cash received related to derivative instruments .....	343.2	—	—	20.8	—	—	364.0
Payment of financing costs and debt premiums .....	(30.9)	(16.6)	—	(0.6)	—	(16.2)	(64.3)
Other financing activities, net ..	(0.1)	—	—	(0.1)	—	—	(0.2)
Net cash provided (used) by financing activities ..	276.2	(36.3)	(0.3)	36.1	—	1,752.4	2,028.1
Effect of exchange rates on cash and cash equivalents .....	(2.6)	(1.5)	—	0.6	—	(2.8)	(6.3)
Net increase (decrease) in cash and cash equivalents .....	203.7	(24.2)	0.1	8.6	—	(399.9)	(211.7)
Cash and cash equivalents:							
Beginning of period .....	27.4	24.3	0.1	24.2	—	478.8	554.8
End of period .....	£ 231.1	£ 0.1	£ 0.2	£ 32.8	£ —	£ 78.9	£ 343.1

**VIRGIN MEDIA INC.**  
(See note 1)  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**September 30, 2014**  
(unaudited)

Statements of cash flows	Predecessor						
	Period from January 1 to June 7, 2013						
	Old Virgin Media	Virgin Media Finance	Other guarantors	VMIH	VMIL	All other subsidiaries	Total
	in millions						
Cash flows from operating activities:							
Net cash provided (used) by operating activities	£ (106.9)	£ 3.3	£ 3.8	£ (55.1)	£ —	£ 743.0	£ 588.1
Cash flows from investing activities:							
Capital expenditures	—	—	—	—	—	(313.4)	(313.4)
Other investing activities, net	—	—	—	—	—	4.1	4.1
Net cash used by investing activities	—	—	—	—	—	(309.3)	(309.3)
Cash flows from financing activities:							
Repayments and repurchases of debt and capital lease obligations	(1.5)	—	—	—	—	(45.0)	(46.5)
Contributions (distributions)	94.3	(3.1)	(3.8)	78.8	—	(166.2)	—
Payment of financing costs and debt premiums	(0.6)	(0.2)	—	—	—	(0.3)	(1.1)
Other financing activities, net	8.7	—	—	—	—	—	8.7
Net cash provided (used) by financing activities	100.9	(3.3)	(3.8)	78.8	—	(211.5)	(38.9)
Effect of exchange rates on cash and cash equivalents	0.9	—	—	0.4	—	(0.4)	0.9
Net increase (decrease) in cash and cash equivalents	(5.1)	—	—	24.1	—	221.8	240.8
Cash and cash equivalents:							
Beginning of period	10.3	1.0	0.1	0.1	—	194.8	206.3
End of period	£ 5.2	£ 1.0	£ 0.1	£ 24.2	£ —	£ 416.6	£ 447.1

**(13) Condensed Consolidating Financial Information — Senior Secured Notes**

We present the following condensed consolidating financial information as of September 30, 2014 and December 31, 2013 and for the three months ended September 30, 2014 and 2013, the nine months ended September 30, 2014, the Successor period from June 8 to September 30, 2013 and the Predecessor period from January 1 to June 7, 2013, as required by the applicable underlying indentures.

As of September 30, 2014, Virgin Media Secured Finance is the issuer of the following senior secured notes:

- £628.4 million aggregate principal amount of 5.50% senior secured notes due January 15, 2021;
- \$447.9 million (£276.1 million) aggregate principal amount of 5.25% senior secured notes due January 15, 2021;
- £1.1 billion aggregate principal amount of 6.0% senior secured notes due April 15, 2021;
- \$1.0 billion (£616.5 million) aggregate principal amount of 5.375% senior secured notes due April 15, 2021;
- £430.0 million aggregate principal amount of 2025 VM Sterling Senior Secured Notes;
- \$425.0 million (£262.0 million) aggregate principal amount of 2025 VM Dollar Senior Secured Notes; and
- £400.0 million aggregate principal amount of 2029 VM Senior Secured Notes.

**VIRGIN MEDIA INC.**  
(See note 1)  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
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Our senior secured notes are issued by Virgin Media Secured Finance and are guaranteed on a senior basis by Virgin Media, Virgin Media Group, Virgin Media Holdings, Virgin Media (UK) Group and Virgin Media Communications and on a senior subordinated basis by VMIH and VMIL. They also rank pari passu with and, subject to certain exceptions, share in the same guarantees and security which has been granted in favor of our VM Credit Facility.

	<b>Successor</b>					
	<b>September 30, 2014</b>					
<b>Balance sheets</b>	<b>Virgin Media</b>	<b>Virgin Media Secured Finance</b>	<b>Guarantors</b>	<b>Non-guarantors</b>	<b>Eliminations</b>	<b>Total</b>
	<b>in millions</b>					
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents . . .	£ 0.6	£ 3.4	£ 18.4	£ 8.4	£ —	£ 30.8
Related-party note and other receivables . . . . .	17.8	—	9.2	354.5	—	381.5
Other current assets . . . . .	—	—	575.8	0.7	—	576.5
Other current assets — intercompany . . . . .	—	0.9	1.0	—	(1.9)	—
Total current assets . . . . .	18.4	4.3	604.4	363.6	(1.9)	988.8
Property and equipment, net . . .	—	—	4,847.5	1,004.2	—	5,851.7
Goodwill . . . . .	—	—	5,793.7	—	—	5,793.7
Intangible assets subject to amortization, net . . . . .	—	—	1,928.3	119.4	—	2,047.7
Investments in, and loans to, parent and subsidiary companies . . . . .	8,544.0	3,899.0	(4,312.0)	7,996.4	(16,127.4)	—
Deferred income taxes . . . . .	—	—	1,482.1	—	—	1,482.1
Related-party notes receivable . . . . .	551.4	—	—	2,297.3	—	2,848.7
Other assets, net . . . . .	60.2	34.2	170.7	0.3	—	265.4
Other assets, net — intercompany . . . . .	—	—	39.9	—	(39.9)	—
Total assets . . . . .	<u>£ 9,174.0</u>	<u>£ 3,937.5</u>	<u>£ 10,554.6</u>	<u>£ 11,781.2</u>	<u>£ (16,169.2)</u>	<u>£ 19,278.1</u>
<b>LIABILITIES AND EQUITY</b>						
Current liabilities:						
Intercompany and related-party payables . . . . .	£ 78.0	£ 0.2	£ 306.8	£ 676.2	£ (1,049.7)	£ 11.5
Other current liabilities . . . . .	102.7	87.7	1,504.6	2.7	—	1,697.7
Other current liabilities — intercompany . . . . .	—	0.6	1.3	—	(1.9)	—
Total current liabilities . . . . .	180.7	88.5	1,812.7	678.9	(1,051.6)	1,709.2
Long-term debt and capital lease obligations . . . . .	—	3,732.7	4,486.8	0.1	—	8,219.6
Other long-term liabilities . . . . .	—	—	344.6	11.5	—	356.1
Other long-term liabilities — intercompany . . . . .	—	26.8	13.1	—	(39.9)	—
Total liabilities . . . . .	180.7	3,848.0	6,657.2	690.5	(1,091.5)	10,284.9
Equity . . . . .	8,993.3	89.5	3,897.4	11,090.7	(15,077.7)	8,993.2
Total liabilities and equity . . . . .	<u>£ 9,174.0</u>	<u>£ 3,937.5</u>	<u>£ 10,554.6</u>	<u>£ 11,781.2</u>	<u>£ (16,169.2)</u>	<u>£ 19,278.1</u>

**VIRGIN MEDIA INC.**  
(See note 1)  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**September 30, 2014**  
(unaudited)

	Successor					
	December 31, 2013					
Balance sheets	Virgin Media	Virgin Media Secured Finance	Guarantors	Non-guarantors	Eliminations	Total
	in millions					
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents . . .	£ 313.3	£ 0.1	£ 21.4	£ 8.2	£ —	£ 343.0
Related-party receivables . . .	0.2	—	47.8	40.1	—	88.1
Other current assets . . . . .	0.1	0.1	559.7	0.5	(0.1)	560.3
Total current assets . . . . .	313.6	0.2	628.9	48.8	(0.1)	991.4
Property and equipment, net . . .	—	—	5,037.3	1,075.3	—	6,112.6
Goodwill . . . . .	—	—	5,793.7	—	—	5,793.7
Intangible assets subject to amortization, net . . . . .	—	—	2,185.6	135.9	—	2,321.5
Investments in, and loans to, parent and subsidiary companies . . . . .	8,787.5	4,257.8	(5,507.1)	7,937.7	(15,475.9)	—
Deferred income taxes . . . . .	—	—	1,407.4	—	—	1,407.4
Related-party notes receivable . . . . .	76.2	—	—	2,297.3	—	2,373.5
Other assets, net . . . . .	79.8	31.6	199.7	—	—	311.1
Other assets, net — intercompany . . . . .	—	—	45.3	—	(45.3)	—
Total assets . . . . .	£ 9,257.1	£ 4,289.6	£ 9,790.8	£ 11,495.0	£ (15,521.3)	£ 19,311.2
<b>LIABILITIES AND EQUITY</b>						
Current liabilities:						
Intercompany and related-party payables . . . . .	£ 126.1	£ 1.4	£ 158.7	£ 528.8	£ (727.4)	£ 87.6
Other current liabilities . . . . .	102.8	47.6	1,294.1	4.6	(0.1)	1,449.0
Total current liabilities . . .	228.9	49.0	1,452.8	533.4	(727.5)	1,536.6
Long-term debt and capital lease obligations . . . . .	—	4,164.9	4,124.4	—	—	8,289.3
Other long-term liabilities . . . . .	—	—	446.8	10.3	—	457.1
Other long-term liabilities — intercompany . . . . .	—	29.6	15.7	—	(45.3)	—
Total liabilities . . . . .	228.9	4,243.5	6,039.7	543.7	(772.8)	10,283.0
Equity . . . . .	9,028.2	46.1	3,751.1	10,951.3	(14,748.5)	9,028.2
Total liabilities and equity . . . . .	£ 9,257.1	£ 4,289.6	£ 9,790.8	£ 11,495.0	£ (15,521.3)	£ 19,311.2

**VIRGIN MEDIA INC.**  
(See note 1)  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**September 30, 2014**  
(unaudited)

Statements of operations	Successor					
	Three months ended September 30, 2014					
	Virgin Media	Virgin Media Secured Finance	Guarantors	Non- guarantors	Eliminations	Total
	in millions					
Revenue . . . . .	£ —	£ —	£ 982.9	£ 63.9	£ —	£1,046.8
Operating costs and expenses:						
Operating (other than depreciation and amortization) . . . . .	—	—	413.6	24.3	—	437.9
SG&A (including share-based compensation) . . . . .	0.9	—	154.2	9.0	—	164.1
Depreciation and amortization . . .	—	—	331.9	36.9	—	368.8
Impairment, restructuring and other operating items, net . . . . .	—	—	1.4	0.2	—	1.6
	0.9	—	901.1	70.4	—	972.4
Operating income (loss) . . . . .	(0.9)	—	81.8	(6.5)	—	74.4
Non-operating income (expense):						
Interest expense:						
Third-party . . . . .	(2.4)	(52.9)	(56.1)	—	—	(111.4)
Intercompany . . . . .	(48.0)	—	(179.6)	(167.3)	394.9	—
Interest income — related-party and intercompany . . . . .	8.3	77.8	178.1	189.1	(394.9)	58.4
Realized and unrealized gains on derivative instruments, net:						
Third-party . . . . .	2.6	—	130.4	—	—	133.0
Intercompany . . . . .	—	28.0	(28.0)	—	—	—
Foreign currency transaction gains (losses), net . . . . .	(21.9)	(46.4)	17.4	(27.1)	(50.0)	(128.0)
Other income, net . . . . .	0.1	0.1	0.1	—	—	0.3
	(61.3)	6.6	62.3	(5.3)	(50.0)	(47.7)
Earnings (loss) before income taxes . . . . .	(62.2)	6.6	144.1	(11.8)	(50.0)	26.7
Income tax expense . . . . .	(0.1)	—	(12.6)	—	—	(12.7)
Earnings (loss) after income taxes . . . . .	(62.3)	6.6	131.5	(11.8)	(50.0)	14.0
Equity in net earnings (loss) of subsidiaries . . . . .	76.2	—	(53.1)	88.1	(111.2)	—
Net earnings . . . . .	£ 13.9	£ 6.6	£ 78.4	£ 76.3	£ (161.2)	£ 14.0
Total comprehensive earnings (loss) . . . . .	£ (44.4)	£ 6.6	£ 88.2	£ 82.6	£ (177.4)	£ (44.4)

**VIRGIN MEDIA INC.**  
(See note 1)  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**September 30, 2014**  
(unaudited)

Statements of operations	Successor					
	Three months ended September 30, 2013					
	Virgin Media	Virgin Media Secured Finance	Guarantors	Non- guarantors	Eliminations	Total
	in millions					
Revenue . . . . .	£ —	£ —	£ 960.8	£ 62.0	£ —	£1,022.8
Operating costs and expenses:						
Operating (other than depreciation and amortization) . . . . .	—	—	445.2	20.7	—	465.9
SG&A (including share-based compensation) . . . . .	0.3	—	157.3	12.1	—	169.7
Depreciation and amortization . . .	—	—	373.6	37.9	—	411.5
Impairment, restructuring and other operating items, net . . . . .	0.5	—	20.0	1.1	—	21.6
	0.8	—	996.1	71.8	—	1,068.7
Operating loss . . . . .	(0.8)	—	(35.3)	(9.8)	—	(45.9)
Non-operating income (expense):						
Interest expense:						
Third-party . . . . .	(2.6)	(58.5)	(56.8)	—	—	(117.9)
Related-party and intercompany . . . . .	(43.6)	—	(183.9)	(169.7)	395.0	(2.2)
Interest income — related-party and intercompany . . . . .	—	74.8	192.8	175.6	(395.0)	48.2
Realized and unrealized losses on derivative instruments, net . . . . .	(10.1)	—	(261.8)	—	—	(271.9)
Foreign currency transaction gains, net . . . . .	11.3	12.4	47.9	14.1	18.0	103.7
Other income (expense), net . . . . .	0.2	—	(0.4)	—	—	(0.2)
	(44.8)	28.7	(262.2)	20.0	18.0	(240.3)
Earnings (loss) before income taxes . . . . .	(45.6)	28.7	(297.5)	10.2	18.0	(286.2)
Income tax expense . . . . .	—	—	(173.1)	—	—	(173.1)
Earnings (loss) after income taxes . . . . .	(45.6)	28.7	(470.6)	10.2	18.0	(459.3)
Equity in net earnings (loss) of subsidiaries . . . . .	(413.7)	—	96.9	(423.8)	740.6	—
Net earnings (loss) . . . . .	£ (459.3)	£ 28.7	£ (373.7)	£ (413.6)	£ 758.6	£ (459.3)
Total comprehensive earnings (loss) . . . . .	£ (289.4)	£ 28.7	£ (385.8)	£ (422.4)	£ 779.5	£ (289.4)

**VIRGIN MEDIA INC.**  
(See note 1)  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**September 30, 2014**  
(unaudited)

Statements of operations	Successor					
	Nine months ended September 30, 2014					
	Virgin Media	Virgin Media Secured Finance	Guarantors	Non- Guarantors	Eliminations	Total
	<b>in millions</b>					
Revenue . . . . .	£ —	£ —	£ 2,951.9	£ 193.1	£ —	£3,145.0
Operating costs and expenses:						
Operating (other than depreciation and amortization) . . . . .	—	—	1,282.5	73.2	—	1,355.7
SG&A (including share-based compensation) . . . . .	2.9	—	432.2	24.5	—	459.6
Depreciation and amortization . . .	—	—	1,057.8	125.1	—	1,182.9
Impairment, restructuring and other operating items, net . . . . .	—	—	13.3	1.0	—	14.3
	2.9	—	2,785.8	223.8	—	3,012.5
Operating income (loss) . . . . .	(2.9)	—	166.1	(30.7)	—	132.5
Non-operating income (expense):						
Interest expense:						
Third-party . . . . .	(8.3)	(170.6)	(162.4)	—	—	(341.3)
Intercompany . . . . .	(138.9)	—	(554.2)	(536.4)	1,229.5	—
Interest income — related-party and intercompany . . . . .	19.5	224.2	593.3	559.7	(1,229.5)	167.2
Realized and unrealized gains on derivative instruments, net:						
Third-party . . . . .	0.6	—	(14.2)	—	—	(13.6)
Intercompany . . . . .	—	5.6	(5.6)	—	—	—
Foreign currency transaction gains (losses), net . . . . .	(20.4)	(20.1)	39.4	(31.3)	(26.0)	(58.4)
Other income (expense), net . . . . .	0.1	4.4	(4.2)	0.7	—	1.0
	(147.4)	43.5	(107.9)	(7.3)	(26.0)	(245.1)
Earnings (loss) before income taxes . . . . .	(150.3)	43.5	58.2	(38.0)	(26.0)	(112.6)
Income tax benefit (expense) . . . . .	(0.1)	—	2.0	—	—	1.9
Earnings (loss) after income taxes . . . . .	(150.4)	43.5	60.2	(38.0)	(26.0)	(110.7)
Equity in net earnings (loss) of subsidiaries . . . . .	39.7	—	(15.1)	77.8	(102.4)	—
Net earnings (loss) . . . . .	£ (110.7)	£ 43.5	£ 45.1	£ 39.8	£ (128.4)	£ (110.7)
Total comprehensive earnings (loss) . . . . .	£ (132.0)	£ 43.5	£ 49.2	£ 42.5	£ (135.2)	£ (132.0)

**VIRGIN MEDIA INC.**  
(See note 1)  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**September 30, 2014**  
(unaudited)

Statements of operations	Successor					
	Period from June 8 to September 30, 2013					
	Virgin Media	Virgin Media Secured Finance	Guarantors	Non- Guarantors	Eliminations	Total
	<i>in millions</i>					
Revenue . . . . .	£ —	£ —	£ 1,199.2	£ 82.6	£ —	£1,281.8
Operating costs and expenses:						
Operating (other than depreciation and amortization) . . . . .	—	—	552.6	25.9	—	578.5
SG&A (including share-based compensation) . . . . .	2.6	—	207.7	15.8	—	226.1
Depreciation and amortization . . . . .	—	—	451.7	52.5	—	504.2
Impairment, restructuring and other operating items, net . . . . .	0.5	—	25.1	1.4	—	27.0
	3.1	—	1,237.1	95.6	—	1,335.8
Operating loss . . . . .	(3.1)	—	(37.9)	(13.0)	—	(54.0)
Non-operating income (expense):						
Interest expense:						
Third-party . . . . .	(5.9)	(75.6)	(68.5)	—	—	(150.0)
Related-party and intercompany . . . . .	(55.9)	—	(223.6)	(215.9)	489.6	(5.8)
Interest income — related-party and intercompany . . . . .	—	94.9	237.6	216.0	(489.6)	58.9
Realized and unrealized gains (losses) on derivative instruments, net . . . . .	32.8	—	(184.5)	—	—	(151.7)
Foreign currency transaction gains, net . . . . .	18.9	12.0	29.9	7.9	11.8	80.5
Other income (expense), net . . . . .	0.2	1.0	(0.4)	—	—	0.8
	(9.9)	32.3	(209.5)	8.0	11.8	(167.3)
Earnings (loss) before income taxes . . . . .	(13.0)	32.3	(247.4)	(5.0)	11.8	(221.3)
Income tax expense . . . . .	—	—	(179.6)	—	—	(179.6)
Earnings (loss) after income taxes . . . . .	(13.0)	32.3	(427.0)	(5.0)	11.8	(400.9)
Equity in net earnings (loss) of subsidiaries . . . . .	(387.9)	—	84.8	(382.8)	685.9	—
Net earnings (loss) . . . . .	£ (400.9)	£ 32.3	£ (342.2)	£ (387.8)	£ 697.7	£ (400.9)
Total comprehensive earnings (loss) . . . . .	£ (299.4)	£ 32.3	£ (350.1)	£ (392.4)	£ 710.2	£ (299.4)



**VIRGIN MEDIA INC.**  
(See note 1)  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**September 30, 2014**  
(unaudited)

Statements of operations	Predecessor					
	Period from January 1 to June 7, 2013					
	Old Virgin Media	Virgin Media Secured Finance	Guarantors	Non- Guarantors	Eliminations	Total
	<i>in millions</i>					
Revenue . . . . .	£ —	£ —	£ 1,703.5	£ 106.7	£ —	£1,810.2
Operating costs and expenses:						
Operating (other than depreciation and amortization) . . . . .	—	—	807.4	38.0	—	845.4
SG&A (including share-based compensation) . . . . .	8.4	—	229.8	17.9	—	256.1
Depreciation and amortization . . . . .	—	—	396.1	36.7	—	432.8
Impairment, restructuring and other operating items, net . .	53.8	—	(2.7)	0.1	—	51.2
	62.2	—	1,430.6	92.7	—	1,585.5
Operating income (loss) . . .	(62.2)	—	272.9	14.0	—	224.7
Non-operating income (expense):						
Interest expense —						
third-party . . . . .	(55.9)	(71.6)	(341.9)	(155.6)	468.3	(156.7)
Interest income —						
intercompany . . . . .	—	70.7	230.7	166.9	(468.3)	—
Realized and unrealized gains on derivative instruments, net . . . . .	50.0	—	1.8	—	—	51.8
Foreign currency transaction gains (losses), net . . . . .	(0.1)	—	27.5	0.5	(30.0)	(2.1)
Other income (expense), net . .	(0.1)	—	0.4	—	—	0.3
	(6.1)	(0.9)	(81.5)	11.8	(30.0)	(106.7)
Earnings (loss) before income taxes . . . . .	(68.3)	(0.9)	191.4	25.8	(30.0)	118.0
Income tax expense . . . . .	—	—	(18.1)	—	—	(18.1)
Earnings (loss) after income taxes . . . . .	(68.3)	(0.9)	173.3	25.8	(30.0)	99.9
Equity in net earnings of subsidiaries . . . . .	168.2	—	0.3	142.4	(310.9)	—
Net earnings (loss) . . . . .	£ 99.9	£ (0.9)	£ 173.6	£ 168.2	£ (340.9)	£ 99.9
Total comprehensive earnings (loss) . . . . .	£ 83.1	£ (0.9)	£ 166.6	£ 161.2	£ (326.9)	£ 83.1

**VIRGIN MEDIA INC.**  
(See note 1)  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**September 30, 2014**  
(unaudited)

Statements of cash flows	Successor				
	Nine months ended September 30, 2014				
	Virgin Media	Virgin Media Secured Finance	Guarantors	Non- guarantors	Total
	in millions				
Cash flows from operating activities:					
Net cash provided (used) by operating activities . . . . .	£(121.1)	£ 40.4	£ 1,133.9	£ 98.0	£ 1,151.2
Cash flows from investing activities:					
Loans to related party . . . . .	(484.3)	—	—	(263.7)	(748.0)
Capital expenditures . . . . .	—	—	(432.2)	(28.3)	(460.5)
Other investing activities, net . . . . .	—	—	(7.0)	0.6	(6.4)
Net cash used by investing activities . . . . .	(484.3)	—	(439.2)	(291.4)	(1,214.9)
Cash flows from financing activities:					
Repayments and repurchases of debt and capital lease obligations . . . . .	—	(1,467.7)	(226.8)	—	(1,694.5)
Borrowings of debt . . . . .	—	1,088.9	446.6	—	1,535.5
Contributions (distributions) . . . . .	294.9	397.5	(886.0)	193.6	—
Payment of financing costs and debt premiums . . . . .	—	(55.8)	(3.0)	—	(58.8)
Other financing activities, net . . . . .	(0.1)	—	(28.5)	—	(28.6)
Net cash provided (used) by financing activities . . . . .	294.8	(37.1)	(697.7)	193.6	(246.4)
Effect of exchange rates on cash and cash equivalents . . . . .	(2.1)	—	—	—	(2.1)
Net increase (decrease) in cash and cash equivalents . . . . .	(312.7)	3.3	(3.0)	0.2	(312.2)
Cash and cash equivalents:					
Beginning of period . . . . .	313.3	0.1	21.4	8.2	343.0
End of period . . . . .	£ 0.6	£ 3.4	£ 18.4	£ 8.4	£ 30.8

**VIRGIN MEDIA INC.**  
(See note 1)  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**September 30, 2014**  
(unaudited)

Statements of cash flows	Successor				
	Period from June 8 to September 30, 2013				
	Virgin Media	Virgin Media Secured Finance	Guarantors	Non- guarantors	Total
	in millions				
Cash flows from operating activities:					
Net cash provided (used) by operating activities .....	£ (69.9)	£ 11.8	£ 322.0	£ 42.4	£ 306.3
Cash flows from investing activities:					
Loans to related party .....	—	—	—	(2,290.6)	(2,290.6)
Capital expenditures .....	—	—	(232.7)	(17.8)	(250.5)
Other investing activities, net .....	—	—	1.3	—	1.3
Net cash used by investing activities ..	—	—	(231.4)	(2,308.4)	(2,539.8)
Cash flows from financing activities:					
Repayments and repurchases of debt and capital lease obligations .....	(2,832.7)	(56.0)	(1,287.1)	—	(4,175.8)
Borrowings of debt .....	—	—	2,132.4	—	2,132.4
Release of restricted cash from escrow .....	—	1,727.6	586.0	—	2,313.6
Contributions (distributions) .....	2,796.7	(1,725.7)	(1,878.3)	2,265.7	1,458.4
Net cash received related to derivative instruments .....	343.2	—	20.8	—	364.0
Payment of financing costs and debt premiums .....	(30.9)	(16.2)	(17.2)	—	(64.3)
Other financing activities, net .....	(0.1)	—	(0.1)	—	(0.2)
Net cash provided (used) by financing activities .....	276.2	(70.3)	(443.5)	2,265.7	2,028.1
Effect of exchange rates on cash and cash equivalents .....	(2.6)	(3.7)	(0.4)	0.4	(6.3)
Net increase (decrease) in cash and cash equivalents .....	203.7	(62.2)	(353.3)	0.1	(211.7)
Cash and cash equivalents:					
Beginning of period .....	27.4	62.2	459.7	5.5	554.8
End of period .....	£ 231.1	£ —	£ 106.4	£ 5.6	£ 343.1

**VIRGIN MEDIA INC.**  
(See note 1)  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**September 30, 2014**  
(unaudited)

Statements of cash flows	Predecessor				
	Period from January 1 to June 7, 2013				
	Old Virgin Media	Virgin Media Secured Finance	Guarantors	Non- Guarantors	Total
	in millions				
Cash flows from operating activities:					
Net cash provided (used) by operating activities	£ (106.9)	£ 1.5	£ 595.6	£ 97.9	£ 588.1
Cash flows from investing activities:					
Capital expenditures	—	—	(282.5)	(30.9)	(313.4)
Other investing activities, net	—	—	3.7	0.4	4.1
Net cash used by investing activities	—	—	(278.8)	(30.5)	(309.3)
Cash flows from financing activities:					
Repayments and repurchases of debt and capital lease obligations	(1.5)	—	(45.0)	—	(46.5)
Contributions (distributions)	94.3	(1.6)	(27.1)	(65.6)	—
Payment of financing costs and debt premiums	(0.6)	(0.3)	(0.2)	—	(1.1)
Other financing activities, net	8.7	—	—	—	8.7
Net cash provided (used) by financing activities	100.9	(1.9)	(72.3)	(65.6)	(38.9)
Effect of exchange rates on cash and cash equivalents	0.9	0.4	—	(0.4)	0.9
Net increase (decrease) in cash and cash equivalents	(5.1)	—	244.5	1.4	240.8
Cash and cash equivalents:					
Beginning of period	10.3	—	191.9	4.1	206.3
End of period	£ 5.2	£ —	£ 436.4	£ 5.5	£ 447.1

**(14) Subsequent Event**

On October 7, 2014, Virgin Media Finance, a wholly-owned subsidiary of Virgin Media, issued (i) £300.0 million principal amount of 6.375% senior notes due October 15, 2024 (the 2024 VM Sterling Senior Notes) and (ii) \$500.0 million (£308.3 million) principal amount of 6.0% senior notes due October 15, 2024 (the 2024 VM Dollar Senior Notes and, together with the 2024 VM Sterling Senior Notes, the 2024 VM Senior Notes). On October 24, 2014, the net proceeds from the 2024 VM Senior Notes were used to fully redeem (i) the 2019 VM Dollar Senior Notes and (ii) the 2019 VM Sterling Senior Notes, including the related redemption premium.

The 2024 VM Senior Notes are unsecured senior obligations of Virgin Media Finance that rank equally with all of the existing and future senior debt of Virgin Media Finance and are senior to all existing and future subordinated debt of Virgin Media Finance. The 2024 VM Senior Notes are guaranteed on a senior basis by Virgin Media and certain subsidiaries of Virgin Media, and on a senior subordinated basis by VMIH and VMIL.

The 2024 VM Senior Notes contain certain customary incurrence-based covenants. For example, the ability to raise certain additional debt and make certain distributions or loans to other subsidiaries of Liberty Global is subject to a Consolidated Net Leverage Ratio test, as defined in the applicable indenture. In addition, the 2024 VM Senior Notes provide that any failure to pay principal prior to expiration of any applicable grace period, or any acceleration with respect to other indebtedness of £75.0 million or more in the aggregate of Virgin Media Finance or any of the Restricted Subsidiaries (as defined in the applicable indenture) is an event of default under the 2024 VM Senior Notes.

**VIRGIN MEDIA INC.**  
**(See note 1)**  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**September 30, 2014**  
**(unaudited)**

Subject to the circumstances described below, the 2024 VM Senior Notes are non-callable until October 15, 2019. At any time prior to October 15, 2019, Virgin Media Finance may redeem some or all of the 2024 VM Senior Notes by paying a “make-whole” premium, which is the present value of all remaining scheduled interest payments to the redemption date using the discount rate (as specified in the applicable indenture) as of the redemption date plus 50 basis points.

Virgin Media Finance may redeem some or all of the 2024 VM Senior Notes at the following redemption prices (expressed as a percentage of the principal amount) plus accrued and unpaid interest and Additional Amounts (as defined in the applicable indenture), if any, to the redemption date, if redeemed during the twelve-month period commencing on October 15 of the years set forth below:

<u>Year</u>	<u>Redemption price</u>	
	<u>2024 VM Sterling Senior Notes</u>	<u>2024 VM Dollar Senior Notes</u>
2019 .....	103.188%	103.000%
2020 .....	102.125%	102.000%
2021 .....	101.063%	101.000%
2022 and thereafter .....	100.000%	100.000%

If Virgin Media Finance or the Restricted Subsidiaries (as defined in the applicable indenture) sell certain assets or if Virgin Media Communications or certain of its subsidiaries experience specific changes in control, Virgin Media Finance must offer to repurchase the 2024 VM Senior Notes at a redemption price of 101%.

## **Independent Auditors' Report**

The Board of Directors  
Virgin Media Inc.:

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of Virgin Media Inc. (and its subsidiaries), which comprise the consolidated balance sheet as of December 31, 2013 (Successor), and the related consolidated statements of operations, comprehensive earnings (loss), equity and cash flows for the period from June 8, 2013 through December 31, 2013 (Successor), and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly in all material respects, the financial position of Virgin Media Inc. (and its subsidiaries) as of December 31, 2013 (Successor), and the results of their operations and their cash flows for the period from June 8, 2013 through December 31, 2013 (Successor) in accordance with U.S. generally accepted accounting principles.

**/s/ KPMG LLP**

London, England  
March 12, 2014

## **Report of Independent Auditors**

The Board of Directors  
Virgin Media Inc.

We have audited the accompanying consolidated financial statements of Virgin Media Inc., which comprise the consolidated balance sheet as of December 31, 2012 (Predecessor), and the related consolidated statements of operations, comprehensive earnings (loss), equity and cash flows for the period from January 1, 2013 through June 7, 2013 (Predecessor) and for the years ended December 31, 2012 and 2011 (Predecessor), and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Virgin Media Inc. at December 31, 2012 (Predecessor), and the results of their operations and their cash flows for the period from January 1, 2013 through June 7, 2013 (Predecessor) and for the years ended December 31, 2012 and 2011 (Predecessor) in conformity with U.S. generally accepted accounting principles.

**/s/ Ernst & Young LLP**

London, England  
March 12, 2014

**VIRGIN MEDIA INC.**  
(See note 1)  
**CONSOLIDATED BALANCE SHEETS**  
(in millions)

	<u>Successor</u>	<u>Predecessor (a)</u>
	<u>December 31,</u>	<u>December 31,</u>
	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents . . . . .	£ 343.0	£ 206.3
Trade receivables, net . . . . .	405.3	442.7
Derivative instruments (note 4) . . . . .	27.7	36.2
Related-party receivables (note 11) . . . . .	88.1	—
Prepaid expenses . . . . .	71.7	72.8
Other current assets . . . . .	55.6	79.8
Total current assets . . . . .	991.4	837.8
Property and equipment, net (note 6) . . . . .	6,112.6	4,512.2
Goodwill (note 6) . . . . .	5,793.7	2,017.5
Intangible assets subject to amortization, net (note 6) . . . . .	2,321.5	—
Deferred income taxes (note 8) . . . . .	1,407.4	2,641.7
Related-party notes receivable (note 11) . . . . .	2,373.5	—
Other assets, net (note 4) . . . . .	311.1	555.7
Total assets . . . . .	£ 19,311.2	£ 10,564.9

(a) As retrospectively revised — see note 2.

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



VIRGIN MEDIA INC.

(See note 1)

CONSOLIDATED BALANCE SHEETS — (Continued)

(in millions, except share and per share amounts)

	<u>Successor</u>	<u>Predecessor (a)</u>
	<u>December 31,</u>	<u>December 31,</u>
	<u>2013</u>	<u>2012</u>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable . . . . .	£ 274.5	£ 296.4
Deferred revenue and advanced payments from subscribers and others . . . . .	315.7	317.7
Current portion of debt and capital lease obligations (note 7) . . . . .	159.5	77.1
Derivative instruments (note 4) . . . . .	136.5	29.3
Accrued interest . . . . .	92.4	60.3
Related-party payables (note 11) . . . . .	87.6	—
Value added tax (VAT) Payable . . . . .	78.1	85.1
Other current liabilities (note 12) . . . . .	392.3	371.5
Total current liabilities . . . . .	1,536.6	1,237.4
Long-term debt and capital lease obligations (note 7) . . . . .	8,289.3	5,852.0
Other long-term liabilities (notes 4, 8 and 13) . . . . .	457.1	257.1
Total liabilities . . . . .	10,283.0	7,346.5
Commitments and contingent liabilities (notes 4, 7, 8, 12, 13 and 15) Equity (note 9):		
Successor common stock — \$0.01 par value; authorized 1,000 shares; issued and outstanding 111 shares . . . . .	—	—
Predecessor common stock — \$0.01 par value; authorized 1,000,000,000 (2013 and 2012) shares; issued and outstanding nil and 269,300,000, respectively . . . . .	—	1.4
Additional paid-in capital . . . . .	9,477.9	3,658.9
Accumulated deficit . . . . .	(595.3)	(436.1)
Accumulated other comprehensive earnings (loss) . . . . .	145.6	(5.8)
Total equity . . . . .	9,028.2	3,218.4
Total liabilities and equity . . . . .	£ 19,311.2	£ 10,564.9

(a) As retrospectively revised — see note 2.

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

VIRGIN MEDIA INC.

(See note 1)

CONSOLIDATED STATEMENTS OF OPERATIONS

(in millions)

	Successor	Predecessor		
	Period from June 8 to December 31, 2013	Period from January 1 to June 7, 2013	Year ended December 31, 2012 (a)	Year ended December 31, 2011
Revenue .....	£ 2,310.2	£ 1,810.2	£ 4,100.5	£ 3,991.8
Operating costs and expenses:				
Operating (other than depreciation and amortization) .....	1,051.7	845.4	1,872.9	1,866.6
Selling, general and administrative (SG&A) (including share- based compensation (note 10) .....	380.1	256.1	574.2	535.3
Depreciation and amortization .....	910.2	432.8	966.4	1,046.4
Impairment, restructuring and other operating items, net .....	36.5	51.2	(11.8)	6.8
	2,378.5	1,585.5	3,401.7	3,455.1
Operating income (loss) .....	(68.3)	224.7	698.8	536.7
Non-operating income (expense):				
Interest expense:				
Third-party .....	(263.6)	(156.7)	(398.2)	(440.4)
Related-party (note 11) .....	(5.8)	—	—	—
Interest income — related-party (note 11) .....	107.0	—	—	—
Gain (loss) on debt modification and extinguishment, net .....	0.6	(0.1)	(187.8)	(47.2)
Realized and unrealized gains (losses) on derivative instruments, net (note 4) .....	(203.4)	51.8	148.1	(50.7)
Foreign currency transaction gains (losses), net .....	142.6	(2.1)	(6.3)	(2.4)
Other income, net .....	0.4	0.4	6.8	97.1
	(222.2)	(106.7)	(437.4)	(443.6)
Earnings (loss) from continuing operations before income taxes .....	(290.5)	118.0	261.4	93.1
Income tax benefit (expense) (note 8) .....	(197.5)	(18.1)	2,652.0	(16.0)
Earnings (loss) from continuing operations .....	(488.0)	99.9	2,913.4	77.1
Loss from discontinued operation, net of tax (note 1) .....	—	—	—	(1.2)
Net earnings (loss) .....	£ (488.0)	£ 99.9	£ 2,913.4	£ 75.9

(a) As retrospectively revised — see note 2.

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

VIRGIN MEDIA INC.

(See note 1)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS (LOSS)  
(in millions)

	Successor	Predecessor		
	Period from June 8 to December 31, 2013	Period from January 1 to June 7, 2013	Year ended December 31, 2012	Year ended December 31, 2011
Net earnings (loss) . . . . .	£ (488.0)	£ 99.9	£ 2,913.4	£ 75.9
Other comprehensive earnings (loss), net of taxes:				
Foreign currency translation adjustments . . . . .	147.2	(9.8)	11.3	(12.7)
Net unrealized gains (losses) on derivatives . . . . .	—	66.8	(130.3)	(24.2)
Reclassification of derivative losses (gains) to net income . . . . .	—	(74.4)	94.2	1.0
Pension liability adjustment . . . . .	(1.6)	0.6	(11.0)	(20.6)
Other comprehensive earnings (loss) . . . . .	145.6	(16.8)	(35.8)	(56.5)
Total comprehensive earnings (loss) . . . . .	£ (342.4)	£ 83.1	£ 2,877.6	£ 19.4

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

VIRGIN MEDIA INC.

(See note 1)

CONSOLIDATED STATEMENTS OF EQUITY  
(in millions)

	Common stock \$0.01 par value	Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive earnings	Total equity
Predecessor:					
Balance at January 1, 2011	£ 1.8	£ 4,375.2	£ (3,198.9)	£ 86.5	£ 1,264.6
Net earnings	—	—	75.9	—	75.9
Other comprehensive loss, net of taxes (note 14)	—	—	—	(56.5)	(56.5)
Exercise of stock options and tax effect	—	18.0	—	—	18.0
Share-based compensation (note 10)	—	22.5	—	—	22.5
Acquisition of additional shares in a controlled subsidiary	—	(9.7)	—	—	(9.7)
Repurchase of common stock (note 9)	(0.2)	(539.4)	(105.2)	—	(644.8)
Dividends paid (note 9)	—	—	(31.1)	—	(31.1)
Balance at December 31, 2011	£ 1.6	£ 3,866.6	£ (3,259.3)	£ 30.0	£ 638.9

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

VIRGIN MEDIA INC.

(See note 1)

CONSOLIDATED STATEMENTS OF EQUITY — (Continued)  
(in millions)

	Common stock \$0.01 par value	Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive earnings (loss)	Total equity
Predecessor:					
Balance at January 1, 2012 . . . . .	£ 1.6	£ 3,866.6	£ (3,259.3)	£ 30.0	£ 638.9
Net earnings . . . . .	—	—	2,913.4	—	2,913.4
Other comprehensive loss, net of taxes (note 14) . . . . .	—	—	—	(35.8)	(35.8)
Exercise of stock options and tax effect . . . . .	—	8.4	—	—	8.4
Share-based compensation (note 10) . . . .	—	20.9	—	—	20.9
Excess tax benefits on stock-based compensation . . . . .	—	32.5	—	—	32.5
Acquisition of additional shares in a controlled subsidiary . . . . .	—	(0.9)	—	—	(0.9)
Repurchase of common stock (note 9) . . .	(0.2)	(268.6)	(62.9)	—	(331.7)
Dividends paid (note 9) . . . . .	—	—	(27.3)	—	(27.3)
Balance at December 31, 2012 . . . . .	<u>£ 1.4</u>	<u>£ 3,658.9</u>	<u>£ (436.1)</u>	<u>£ (5.8)</u>	<u>£ 3,218.4</u>

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

VIRGIN MEDIA INC.

(See note 1)

CONSOLIDATED STATEMENTS OF EQUITY — (Continued)  
(in millions)

	Common stock \$0.01 par value	Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive earnings (loss)	Total equity
Predecessor:					
Balance at January 1, 2013	£ 1.4	£ 3,658.9	£ (436.1)	£ (5.8)	£ 3,218.4
Net earnings	—	—	99.9	—	99.9
Other comprehensive loss, net of taxes (note 14)	—	—	—	(16.8)	(16.8)
Exercise of stock options and tax effect	0.1	21.6	—	—	21.7
Share-based compensation (note 10)	—	11.9	—	—	11.9
Conversion of debt into equity	—	(0.7)	—	—	(0.7)
Repurchase of common stock (note 9)	—	1.8	(1.8)	—	—
Dividends paid (note 9)	—	—	(14.2)	—	(14.2)
Balance at June 7, 2013	<u>£ 1.5</u>	<u>£ 3,693.5</u>	<u>£ (352.2)</u>	<u>£ (22.6)</u>	<u>£ 3,320.2</u>
Successor:					
Balance at June 7, 2013 (note 3)	£ —	£ 6,147.3	£ (107.3)	£ —	£ 6,040.0
Net loss	—	—	(488.0)	—	(488.0)
Other comprehensive earnings, net of taxes (note 14)	—	—	—	145.6	145.6
Capital contribution from parent (note 9)	—	2,343.2	—	—	2,343.2
Issuance of additional common stock to parent (note 9)	—	987.4	—	—	987.4
Share-based compensation (note 10)	—	69.5	—	—	69.5
Capital charge in connection with the exercise of share-based incentive awards (note 11)	—	(69.5)	—	—	(69.5)
Balance at December 31, 2013	<u>£ —</u>	<u>£ 9,477.9</u>	<u>£ (595.3)</u>	<u>£ 145.6</u>	<u>£ 9,028.2</u>

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

VIRGIN MEDIA INC.

(See note 1)

CONSOLIDATED STATEMENTS OF CASH FLOWS  
(in millions)

	Successor	Predecessor		
	Period from June 8 to December 31, 2013	Period from January 1 to June 7, 2013	Year ended December 31, 2012 (a)	Year ended December 31, 2011
Cash flows from operating activities:				
Net earnings (loss) . . . . .	£ (488.0)	£ 99.9	£ 2,913.4	£ 75.9
Loss from discontinued operation . . . . .	—	—	—	1.2
Earnings (loss) from continuing operations . . . . .	(488.0)	99.9	2,913.4	77.1
Adjustments to reconcile earnings (loss) from continuing operations to net cash provided by operating activities:				
Share-based compensation expense . . . . .	85.5	22.1	25.8	27.0
Depreciation and amortization . . . . .	910.2	432.8	966.4	1,046.4
Impairment, restructuring and other operating items, net . . . . .	36.5	51.2	(11.8)	6.8
Amortization of deferred financing costs and non-cash interest accretion . . . . .	11.2	14.7	35.6	36.6
Losses (gains) on debt modification and extinguishment, net . . . . .	(0.6)	0.1	187.8	47.2
Realized and unrealized losses (gains) on derivative instruments, net . . . . .	203.4	(51.8)	(148.1)	50.7
Foreign currency transaction losses (gains), net . . . . .	(142.6)	2.1	6.3	2.4
Deferred income tax expense (benefit) . . . . .	197.2	17.2	(2,652.5)	20.1
Changes in operating assets and liabilities, net of the effect of dispositions:				
Receivables and other operating assets . . . . .	307.7	(594.8)	(32.7)	31.1
Payables and accruals . . . . .	(558.0)	594.6	(91.3)	(186.6)
Net cash used by operating activities of discontinued operation . . . . .	—	—	—	(10.4)
Net cash provided by operating activities . . . . .	562.5	588.1	1,198.9	1,148.4
Cash flows from investing activities:				
Loan to related-party . . . . .	(2,356.3)	—	—	—
Capital expenditures . . . . .	(418.9)	(313.4)	(782.5)	(656.7)
Sale of equity investments, net . . . . .	—	—	—	243.4
Loan repayment from equity investee . . . . .	—	—	—	108.2
Other investing activities, net . . . . .	1.8	4.1	(0.5)	(9.6)
Net cash used by investing activities . . . . .	£ (2,773.4)	£ (309.3)	£ (783.0)	£ (314.7)

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

VIRGIN MEDIA INC.

(See note 1)

CONSOLIDATED STATEMENTS OF CASH FLOWS — (Continued)  
(in millions)

	Successor	Predecessor		
	Period from June 8 to December 31, 2013	Period from January 1 to June 7, 2013	Year ended December 31, 2012 (a)	Year ended December 31, 2011
Cash flows from financing activities:				
Repayments and repurchases of debt and capital				
lease obligations	£ (4,050.8)	£ (46.5)	£ (1,414.9)	£ (1,395.0)
Borrowings of debt	1,983.4	—	1,454.7	1,001.5
Repayments of related-party notes	(1,819.6)	—	—	—
Capital contribution from parent	3,278.0	—	—	—
Release of restricted cash from escrow	2,313.6	—	—	—
Net cash received (paid) related to derivative				
instruments	364.3	—	(26.0)	68.3
Payment of financing costs and debt premiums	(64.3)	(1.1)	(165.1)	(40.0)
Repurchase of common stock	—	—	(330.2)	(635.0)
Dividends paid	—	(14.2)	(27.3)	(31.1)
Other financing activities, net	(0.1)	22.9	8.2	17.5
Net cash provided (used) by financing				
activities	2,004.5	(38.9)	(500.6)	(1,013.8)
Effect of exchange rate changes on cash and cash				
equivalents	(5.4)	0.9	(9.4)	1.0
Net increase (decrease) in cash and cash				
equivalents	(211.8)	240.8	(94.1)	(179.1)
Cash and cash equivalents (b):				
Beginning of period	554.8	206.3	300.4	479.5
End of period	£ 343.0	£ 447.1	£ 206.3	£ 300.4
Cash paid for interest	£ 332.2	£ 102.9	£ 406.9	£ 435.2
Income taxes paid	£ 0.4	£ 0.1	£ 0.6	£ 2.3

(a) As retrospectively revised — see note 2.

(b) For information regarding the difference between the ending cash balance on June 7, 2013 and the beginning cash balance on June 8, 2013, see note 3.

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



**VIRGIN MEDIA INC.**  
**(See note 1)**  
**Notes to Consolidated Financial Statements**  
**December 31, 2013, 2012 and 2011**

**(1) Basis of Presentation**

*General*

Virgin Media Inc. (Virgin Media) is a provider of digital cable, broadband internet, fixed-line telephony and mobile services in the United Kingdom (U.K.) to both residential and business-to-business (B2B) customers. Virgin Media became a wholly-owned subsidiary of Liberty Global plc (Liberty Global) as a result of a series of mergers that were completed on June 7, 2013 (the LG/VM Transaction), pursuant to which Liberty Global became the publicly-held parent company of the successors by merger of the predecessor to Virgin Media (Old Virgin Media) and Liberty Global, Inc. (LGI) (the predecessor to Liberty Global), as further described in note 3. In these notes, the terms “we,” “our,” “our company,” and “us” may refer, as the context requires, to Virgin Media (or Old Virgin Media) or collectively to Virgin Media (or Old Virgin Media) and its subsidiaries.

As a result of Liberty Global’s push-down of its investment basis in Virgin Media arising from the LG/VM Transaction, a new basis of accounting was created on June 7, 2013. In these consolidated financial statements, the results of operations and cash flows of Old Virgin Media for the periods ended on or prior to June 7, 2013 and the financial position of Old Virgin Media as of balance sheet dates prior to June 7, 2013 are referred to herein as “Predecessor” consolidated financial information and the results of operations and cash flows of Virgin Media for periods beginning on June 8, 2013 and the financial position of Virgin Media as of June 7, 2013 and subsequent balance sheet dates are referred to herein as “Successor” consolidated financial information.

The Predecessor and Successor consolidated financial information presented herein is not comparable primarily due to the fact that the Successor consolidated financial information reflects:

- the application of acquisition accounting as of June 7, 2013, as further described in note 3, of which the most significant implications are (i) increased depreciation expense, (ii) increased amortization expense and (iii) increased share-based compensation expense;
- conforming accounting policy changes, primarily to align to Liberty Global’s accounting policy for the recognition of installation fees received on B2B contracts, as further described below; and
- additional interest expense associated with debt financing arrangements entered into in connection with the LG/VM Transaction and subsequently pushed down to our balance sheet, as further described in note 7.

On July 12, 2010, we completed the sale of our television channel business known as Virgin Media TV. Virgin Media TV’s operations comprised our former Content segment. These consolidated financial statements reflect Virgin Media TV as a discontinued operation.

On January 26, 2014, Liberty Global’s board of directors approved a share dividend (the 2014 Share Dividend) of one Liberty Global Class C ordinary share for each outstanding Class A, Class B and Class C ordinary share as of the February 14, 2014 record date for the share dividend. The 2014 Share Dividend was distributed on March 3, 2014. The Liberty Global share and share-based numbers included in this report have not been adjusted to give effect to the 2014 Share Dividend.

Unless otherwise indicated, convenience translations into pound sterling are calculated as of December 31, 2013.

These consolidated financial statements reflect our consideration of the accounting and disclosure implications of subsequent events through March 12, 2014, the date of issuance.

**VIRGIN MEDIA INC.**  
**(See note 1)**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2013, 2012 and 2011**

*Alignment of accounting policies*

On June 8, 2013, we adopted Liberty Global's accounting policy for installation fees relating to our B2B contracts involving both installation services and the provision of ongoing services. Previously, we generally treated installation fees received from customers with B2B contracts as a separate deliverable and recognized revenue upon completion of the installation activity in an amount that was based on the relative standalone selling price methodology. Our current accounting policy is to generally defer upfront installation fees on our B2B contracts and recognize the associated revenue over the contractual term of the arrangement. The following table provides the amount of installation revenue we previously recognized that would have been deferred under Liberty Global's accounting policy in the indicated periods (in millions):

Year ended December 31, 2012	£	69.6
Period from January 1, 2013 to June 7, 2013	£	17.5

The following table provides a rollforward of our deferred revenue for installation services provided to customers with B2B contracts in the period from June 7, 2013 through December 31, 2013 (in millions):

Balance at June 7, 2013 (a)	£	—
Amounts deferred for completed installation services (b)		5.4
Amortization of deferred revenue over contract life		(0.2)
Balance at June 30, 2013		5.2
Amounts deferred for completed installation services (b)		10.6
Amortization of deferred revenue over contract life		(0.5)
Balance at September 30, 2013		15.3
Amounts deferred for completed installation services (b)		18.7
Amortization of deferred revenue over contract life		(2.1)
Balance at December 31, 2013	£	31.9

- (a) Amounts that were included in Old Virgin Media's consolidated balance sheet as of June 7, 2013 were eliminated in acquisition accounting. For additional information, see note 3.
- (b) Represents amounts that would have been recognized upfront as installation revenue under Old Virgin Media's policy, but were deferred under Liberty Global's policy.

**(2) Summary of Significant Accounting Policies**

*Estimates*

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

*Reclassifications and Retrospective Restatement*

*Reclassifications.* Certain prior period amounts have been reclassified to conform to the presentation of Liberty Global including (i) reclassifications between operating costs and SG&A expenses in our consolidated

**VIRGIN MEDIA INC.**  
(See note 1)  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2013, 2012 and 2011**

statements of operations for the years ended December 31, 2012 and 2011 and (ii) the reclassification of premiums paid on debt redemptions from net cash provided by operating activities to net cash used in financing activities in the statements of cash flows for the years ended December 31, 2012 and 2011.

*Retrospective Restatement.* During the first quarter of 2013 and subsequent to the initial filing of our Annual Report on Form 10-K/A for the year ended December 31, 2012, we discovered that the reported amount of deferred income tax assets as of December 31, 2012 and the reported income tax benefit for the year ended December 31, 2012 were understated by £60.8 million. This understatement was principally caused by an error in the calculation of our deferred tax assets relating to arrangements that we account for as capital leases.

We determined that the understatement was not material to the consolidated financial statements as of and for the year ended December 31, 2012. However, if the adjustments to correct the understatement of our deferred income tax assets had been recorded in the three months ended March 31, 2013, we believe the impact would have been significant to that period. Therefore, we determined that it was appropriate to correct the error to the consolidated financial statements as of and for the year ended December 31, 2012 by correcting the comparative 2012 periods in the consolidated financial statements as of and for the year ending December 31, 2013, beginning with the condensed consolidated financial statements for the three months ended March 31, 2013.

The December 31, 2012 consolidated balance sheet included in this annual report reflects the correction of this understatement by increasing the previously reported amounts of our total deferred tax assets and total shareholders' equity by £60.8 million and by decreasing the previously reported amount of accumulated deficit by £60.8 million. Prior to the fourth quarter of 2012, we maintained a full valuation allowance on our deferred income tax assets. If we had not understated our deferred income tax assets in periods prior to the fourth quarter of 2012, we would have increased the valuation allowance on those deferred income tax assets by a corresponding amount, resulting in no net impact on the consolidated balance sheets, statements of operations or statements of comprehensive earnings. The income tax benefit for the year ended December 31, 2012 has increased by £60.8 million from previously reported amounts.

***Principles of Consolidation***

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

***Cash and Cash Equivalents and Restricted Cash***

Cash equivalents consist of money market funds and other investments that are readily convertible into cash and have maturities of three months or less at the time of acquisition. We record money market funds at the net asset value reported by the investment manager as there are no restrictions on our ability, contractual or otherwise, to redeem our investments at the stated net asset value reported by the investment manager.

Restricted cash consists of cash held in restricted accounts, including cash held as collateral for debt and other compensating balances. Restricted cash amounts that are required to be used to purchase long-term assets or repay long-term debt are classified as long-term assets. All other cash that is restricted to a specific use is classified as current or long-term based on the expected timing of the disbursement. At December 31, 2013 and 2012, our aggregate current and long-term restricted cash balances aggregated £1.5 million and £1.9 million, respectively.

Our significant non-cash investing and financing activities are disclosed in our consolidated statements of equity and in notes 3, 6, and 7.

***Trade Receivables***

Our trade receivables are reported net of an allowance for doubtful accounts. Such allowance aggregated £13.1 million and £9.0 million at December 31, 2013 and 2012, respectively. The allowance for doubtful

**VIRGIN MEDIA INC.**  
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**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2013, 2012 and 2011**

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. The allowance is maintained until either receipt of payment or the likelihood of collection is considered to be remote.

Concentration of credit risk with respect to trade receivables is limited due to the large number of customers. We also manage this risk by disconnecting services to customers whose accounts are delinquent.

***Financial Instruments***

Due to the short maturities of cash and cash equivalents, restricted cash, short-term liquid investments, trade and other receivables, other current assets, accounts payable, accrued liabilities, subscriber advance payments and deposits and other current liabilities, their respective carrying values approximate their respective fair values. For information concerning the fair values of our derivatives and debt, see notes 4 and 7, respectively. For information concerning how we arrive at certain of our fair value measurements, see note 5.

***Derivative Instruments***

All derivative instruments, whether designated as hedging relationships or not, are recorded on the balance sheet at fair value. If the derivative instrument is designated as a fair value hedge, the changes in the fair value of the derivative instrument and of the hedged item attributable to the hedged risk are recognized in earnings. If the derivative instrument is designated as a cash flow hedge, the effective portions of changes in the fair value of the derivative instrument are recorded in other comprehensive earnings or loss and subsequently reclassified into our consolidated statements of operations when the hedged forecasted transaction affects earnings. Ineffective portions of changes in the fair value of cash flow hedges are recognized in earnings. If the derivative instrument is not designated as a hedge, changes in the fair value of the derivative instrument are recognized in earnings. Although we applied hedge accounting to certain of our derivative instruments prior to the LG/VM Transaction, we currently do not apply hedge accounting to our derivative instruments. For information regarding our derivative instruments, including our policy for classifying cash flows related to derivative instruments in our consolidated statements of cash flows, see note 4.

***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 other directly attributable costs. 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 broadband 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 as incurred. Interest capitalized with respect to construction activities was not material during any of the periods presented.

Capitalized internal-use software is included as a component of property and equipment. We capitalize internal and external costs directly associated with the development of internal-use software. We also capitalize costs associated with the purchase of software licenses. Maintenance and training costs, as well as costs incurred during the preliminary stage of an internal-use software development project, are expensed as incurred.

Depreciation is computed using the straight-line method over the estimated useful life of the underlying asset. Equipment under capital leases is amortized on a straight-line basis over the shorter of the lease term or estimated useful life of the asset. Useful lives used to depreciate our property and equipment are assessed periodically and are adjusted when warranted. The useful lives of 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. For additional information regarding the useful lives of our property and equipment, see note 6.

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Additions, replacements and improvements that extend the asset life are capitalized. Repairs and maintenance are charged to operations.

We recognize a liability for asset retirement obligations in the period in which it is incurred if sufficient information is available to make a reasonable estimate of fair values. Asset retirement obligations may arise from our legal obligations to dispose of customer premises equipment whereby we accrue the cost to dispose of certain of our customer premises equipment at the time of acquisition. In addition, asset retirement obligations may arise from the loss of rights of way that we obtain from local municipalities or other relevant authorities. Under certain circumstances, the authorities could require us to remove our network equipment from an area if, for example, we were to discontinue using the equipment for an extended period of time or the authorities were to decide not to renew our access rights. However, because the rights of way are integral to our ability to deliver broadband communications services to our customers, we expect to conduct our business in a manner that will allow us to maintain these rights for the foreseeable future. In addition, we have no reason to believe that the authorities will not renew our rights of way and, historically, renewals have been granted. We also have obligations in lease agreements to restore the property to its original condition or remove our property at the end of the lease term.

As of December 31, 2013 and 2012, the recorded value of our asset retirement obligations was £30.0 million and £62.4 million, respectively.

***Intangible Assets***

Our primary intangible assets relate to goodwill and customer relationships. Goodwill represents the excess purchase price over the fair value of the identifiable net assets acquired in a business combination. Customer relationships were originally recorded at their fair values in connection with business combinations.

Goodwill is not amortized, but instead is tested for impairment at least annually. Intangible assets with finite lives are amortized on a straight-line basis over their respective estimated useful lives to their estimated residual values, and reviewed for impairment when a triggering event occurs.

For additional information regarding the useful lives of our intangible assets, see note 6.

***Impairment of Property and Equipment and Intangible Assets***

We review, when circumstances warrant, the carrying amounts of our property and equipment and our intangible assets (other than goodwill) to determine whether such carrying amounts continue to be recoverable. Such changes in circumstance may include, among other items, (i) an expectation of a sale or disposal of a long-lived asset or asset group, (ii) adverse changes in market or competitive conditions, (iii) an adverse change in legal factors or business climate in the markets in which we operate and (iv) operating or cash flow losses. 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, generally at or below the reporting unit level (see below). If the carrying amount of the asset or asset group is greater than the expected undiscounted cash flows to be generated by such asset or asset group, an impairment adjustment is recognized. Such adjustment is measured by the amount that the carrying value of such asset or asset group exceeds its fair value. We generally measure fair value by considering (a) sale prices for similar assets, (b) discounted estimated future cash flows using an appropriate discount rate and/or (c) estimated replacement cost. Assets to be disposed of are carried at the lower of their financial statement carrying amount or fair value less costs to sell.

We evaluate the goodwill for impairment at least annually on October 1 and whenever other facts and circumstances indicate that the carrying amounts of goodwill may not be recoverable. For impairment evaluations with respect to goodwill, we first make a qualitative assessment to determine if the goodwill may be impaired. If it is more-likely-than-not that a reporting unit's fair value is less than its carrying value, we then compare the fair value of the reporting unit to its respective carrying amount. A reporting unit is an operating segment or one level below an operating segment (referred to as a "component"). We have identified one reporting unit to which all goodwill is assigned. 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.

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***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 each taxing jurisdiction in which we operate for the year in which those temporary differences are expected to be recovered or settled. We recognize the financial statement effects of a tax position when it is more-likely-than-not, based on technical merits, that the position will be sustained upon examination. Net deferred tax assets are then reduced by a valuation allowance if we believe it is 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 earnings 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. Interest and penalties related to income tax liabilities are included in income tax expense. For additional information on our income taxes, see note 8.

***Defined Benefit Plans***

We maintain employee defined benefit plans. Certain assumptions and estimates must be made in order to determine the costs and future benefits that will be associated with these plans. These assumptions include (i) the estimated long-term rates of return to be earned by plan assets, (ii) the estimated discount rates used to value the projected benefit obligations and (iii) estimated wage increases. We estimate discount rates annually based upon the yields on high-quality fixed-income investments available at the measurement date and expected to be available during the period to maturity of the benefits under the defined benefit plan. For the long-term rates of return, we use a model portfolio based on our targeted asset allocation. To the extent that net actuarial gains or losses exceed 10% of the greater of plan assets or plan liabilities, such gains or losses are amortized over the average future service period of plan participants. For additional information, see note 13.

***Foreign Currency Translation and Transactions***

The reporting currency of our company is the pound sterling. The functional currency of our foreign operations generally is the applicable local currency for each foreign subsidiary. Assets and liabilities of foreign subsidiaries (including intercompany balances for which settlement is not anticipated in the foreseeable future) are translated at the spot rate in effect at the applicable reporting date. With the exception of certain material transactions, the amounts reported in our consolidated statements of operations are translated at the average exchange rates in effect during the applicable period. The resulting unrealized cumulative translation adjustment, net of applicable income taxes, is recorded as a component of accumulated other comprehensive earnings or loss in our consolidated statements of equity. With the exception of certain material transactions, the cash flows from our operations in foreign countries are translated at the average rate for the applicable period in our consolidated statements of cash flows. The impacts of material transactions generally are recorded at the applicable spot rates in our consolidated statements of operations and cash flows. The effect of exchange rates on cash balances held in foreign currencies are separately reported in our consolidated statements of cash flows.

Transactions denominated in currencies other than our subsidiaries' functional currencies are recorded based on exchange rates at the time such transactions arise. Changes in exchange rates with respect to amounts recorded in our consolidated balance sheets related to these non-functional currency transactions result in transaction gains and losses that are reflected in our consolidated statements of operations as unrealized (based on the applicable period end exchange rates) or realized upon settlement of the transactions.

***Revenue Recognition***

*Service Revenue — Cable Networks.* We recognize revenue from the provision of digital cable, broadband internet and fixed-line telephony services over our cable network to customers in the period the related services are provided. Installation revenue (including reconnect fees) related to services provided over our cable network is recognized as revenue in the period during which the installation occurs to the extent these fees are equal to or

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less than direct selling costs, which costs are expensed as incurred. To the extent installation revenue exceeds direct selling costs, the excess revenue is deferred and amortized over the average expected subscriber life.

*Sale of Multiple Products and Services.* We sell digital cable, broadband internet and fixed-line telephony services to our customers in bundled packages at a rate lower than if the customer purchased each product on a standalone basis. Revenue from bundled packages generally is allocated proportionally to the individual services based on the relative standalone price for each respective service.

*Mobile Revenue.* We recognize revenue from mobile services in the period the related services are provided. Revenue from pre-pay customers is recorded as deferred revenue prior to the commencement of services and is recognized as the services are rendered or usage rights expire. Mobile handset revenue is recognized to the extent of cash collected when the goods have been delivered and title has passed.

*B2B Revenue.* For periods beginning on or after June 8, 2013, we defer upfront installation and certain nonrecurring fees received on B2B contracts where we maintain ownership of the installed equipment. The deferred fees are amortized into revenue on a straight-line basis over the term of the arrangement or the expected period of performance. For information regarding our policy prior to June 8, 2013, see note 1.

*Promotional Discounts.* For subscriber promotions, such as discounted or free services during an introductory period, revenue is recognized only to the extent of the discounted monthly fees charged to the subscriber, if any.

*Subscriber Advance Payments and Deposits.* Payments received in advance for the services we provide are deferred and recognized as revenue when the associated services are provided.

*Sales and Other Value-added Taxes.* Revenue is recorded net of applicable sales and other value-added taxes.

***Share-Based Compensation***

Share-based compensation expense prior to the LG/VM Transaction includes amounts for options, shares and performance shares related to the common stock of Old Virgin Media. Share-based compensation expense after the LG/VM Transaction represents amounts allocated to our company by Liberty Global.

We recognize all share-based payments from Liberty Global to employees of our subsidiaries, including grants of employee share incentive awards based on their grant-date fair values and Liberty Global's estimates of forfeitures. We recognize the fair value of outstanding options as a charge to operations over the vesting period. The cash benefits of tax deductions in excess of deferred taxes on recognized compensation expense are reported as a financing cash flow.

We use the straight-line method to recognize share-based compensation expense for Liberty Global's outstanding share awards to employees of our subsidiaries that do not contain a performance condition and the accelerated expense attribution method for our outstanding share awards that contain a performance condition and vest on a graded basis. We also recognize the equity component of deferred compensation as additional paid-in capital.

Liberty Global has calculated the expected life of options and share appreciation rights (SARs) granted by Liberty Global to employees based on historical exercise trends. The expected volatility for Liberty Global options and SARs is generally based on a combination of (i) historical volatilities of Liberty Global ordinary shares for a period equal to the expected average life of the Liberty Global awards and (ii) volatilities implied from publicly traded Liberty Global options.

For additional information regarding our share-based compensation, see note 10.

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***Litigation Costs***

Legal fees and related litigation costs are expensed as incurred.

**(3) LG/VM Transaction**

Pursuant to the terms and conditions of an Agreement and Plan of Merger agreement (the LG/VM Transaction Agreement) between LGI and Old Virgin Media:

- Each share of common stock of our company was converted into the right to receive (i) 0.2582 Class A ordinary shares of Liberty Global, (ii) 0.1928 Class C ordinary shares of Liberty Global and (iii) \$17.50 in cash (collectively, the LG/ VM Transaction Consideration); and
- Each share of Series A common stock of LGI was converted into the right to receive one Class A ordinary share of Liberty Global, each share of Series B common stock of LGI was converted into the right to receive one Class B ordinary share of Liberty Global; and each share of Series C common stock of LGI was converted into the right to receive one Class C ordinary share of Liberty Global.

In connection with the completion of the LG/VM Transaction, Liberty Global issued 70,233,842 Class A and 52,444,170 Class C ordinary shares to holders of Virgin Media common stock and 141,234,331 Class A, 10,176,295 Class B and 105,572,797 Class C ordinary shares to holders of LGI Series A, Series B and Series C common stock, respectively. Each Class A ordinary share of Liberty Global is entitled to one vote per share, each Class B ordinary share of Liberty Global is entitled to ten votes per share and each Class C ordinary share of Liberty Global was issued without voting rights.

In connection with the execution of the LG/VM Transaction, we entered into various debt financing arrangements. For additional information, see note 7.

The LG/VM Transaction and related financing transactions were funded with a combination of (i) the net proceeds (after deducting certain transaction expenses) from the April 2021 VM Senior Secured Notes and 2023 VM Senior Notes (each as defined and described in note 7), (ii) borrowings under the VM Credit Facility (as defined and described in note 7) and (iii) our and Liberty Global's existing liquidity.

For accounting purposes, the LG/VM Transaction was treated as the acquisition of our company by Liberty Global. In this regard, the equity and cash consideration paid to acquire our company was pushed down and is reported in our consolidated financial statements as set forth below (in millions):

Class A ordinary shares (a) .....	£ 3,446.7
Class C ordinary shares (a) .....	2,414.0
Cash (b) .....	3,064.1
Fair value of the vested portion of Virgin Media stock incentive awards (c) .....	174.1
Total equity and cash consideration .....	<u>£ 9,098.9</u>

(a) Represents the value assigned to the 70,233,842 Class A and 52,444,170 Class C Liberty Global ordinary shares issued to our shareholders in connection with the LG/VM Transaction. These amounts are based on (i) the exchange ratios specified by the LG/VM Transaction Agreement, (ii) the closing per share price on June 7, 2013 of Series A and Series C LGI common stock of \$76.24 and \$71.51, respectively, and (iii) the 272,013,333 outstanding shares of our common stock at June 7, 2013.

(b) Represents the cash consideration paid in connection with the LG/VM Transaction. This amount is based on (i) the \$17.50 per share cash consideration specified by the LG/VM Transaction Agreement and (ii) the 272,013,333 outstanding shares of our common stock at June 7, 2013.



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- (c) Represents the portion of the estimated fair value of our stock incentive awards that are attributable to services provided prior to the June 7, 2013 acquisition date. The estimated fair value is based on the attributes of our 13.03 million outstanding stock incentive awards at June 7, 2013, including the market price of our underlying common stock. Our outstanding stock incentive awards at June 7, 2013 include 9.86 million stock options that have been valued using Black Scholes option valuations. In addition, our stock incentive awards at June 7, 2013 included 3.17 million restricted stock units that included performance conditions and, in certain cases, market conditions. Those restricted stock units with market conditions have been valued using Monte Carlo simulation models.

A reconciliation of the purchase consideration pushed down to amounts recorded in the opening additional paid-in capital of our company is set forth below (in millions):

Purchase consideration . . . . .	£	9,098.9
Contributed debt (a) . . . . .		(3,096.5)
Other net assets (b) . . . . .		144.9
Opening push-down equity . . . . .	£	<u>6,147.3</u>

- (a) Amount consists of obligations pursuant to (i) a £2,281.9 million third-party bridge loan that was subsequently repaid during June 2013 following the LG/VM Transaction and (ii) an £814.6 million related-party loan payable to a subsidiary of Liberty Global, both of which were assumed by our company as a part of the LG/VM Transaction. The proceeds from these loans were used by Liberty Global prior to the LG/VM Transaction to fund the cash portion of the purchase consideration and other related costs.

- (b) In connection with the LG/VM Transaction, certain subsidiaries of Liberty Global were contributed to or merged into our company immediately following the LG/VM Transaction. The opening equity of our company after the LG/VM Transaction includes equity of these entities, which included (i) an accumulated deficit of £107.3 million on the contribution date and (ii) cash of £107.7 million on the contribution date.

Direct transaction costs associated with the LG/VM Transaction of £54.3 million, including professional fees and other related costs, have been expensed as incurred. With the exception of £0.7 million, these transaction costs were incurred prior to June 8, 2013.

The LG/VM Transaction has been accounted for using the acquisition method of accounting, whereby the total purchase price was allocated to the acquired identifiable net assets based on assessments of their respective fair values, and the excess of the purchase price over the fair values of these identifiable net assets was allocated to goodwill. A summary of the purchase price and opening balance sheet pushed down to our company as of the June 7, 2013 acquisition date is presented in the following table. The opening balance sheet presented below reflects our final purchase price allocation (in millions).

Cash and cash equivalents (a) . . . . .	£	447.1
Other current assets . . . . .		598.4
Property and equipment, net . . . . .		6,348.7
Goodwill (b) . . . . .		5,793.7
Intangible assets subject to amortization (c) . . . . .		2,527.0
Other assets, net . . . . .		2,098.0
Current portion of debt and capital lease obligations . . . . .		(762.4)
Other accrued and current liabilities (d) (e) (f) . . . . .		(2,284.8)
Long-term debt and capital lease obligations . . . . .		(5,456.8)
Other long-term liabilities (f) . . . . .		(210.0)
Total purchase price . . . . .	£	<u>9,098.9</u>

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- (a) Excludes £107.7 million of cash balances of certain subsidiaries of Liberty Global that were contributed to or merged into our company immediately following the LG/VM Transaction, as discussed above.
- (b) The goodwill recognized in connection with the LG/VM Transaction is primarily attributable to (i) the ability to take advantage of Virgin Media's existing advanced broadband communications network to gain immediate access to potential customers and (ii) substantial synergies that are expected to be achieved through the integration of Virgin Media with Liberty Global's other broadband communications operations in Europe.
- (c) Amount primarily includes intangible assets related to customer relationships. At June 7, 2013, the weighted average useful life of our intangible assets was approximately seven years.
- (d) Amount includes a £23.0 million liability that was recorded to adjust an unfavorable capacity contract to its estimated fair value. This amount will be amortized through the March 31, 2014 expiration date of the contract as a reduction of Virgin Media's operating expenses so that the net effect of this amortization and the payments required under the contract approximate market rates. During the period from June 8, 2013 through December 31, 2013, £14.4 million of this liability was amortized as a reduction of operating expenses in our consolidated statement of operations.
- (e) Amount includes the equity component of the VM Convertible Notes (as defined and described in note 7) of £1,068.5 million (on the date of the LG/VM Transaction) that is reflected as a current derivative liability. Following the LG/VM Transaction and through December 31, 2013, 94.4% of the VM Convertible Notes have been exchanged for Class A and Class C ordinary shares of Liberty Global and cash pursuant to the terms of the VM Convertible Notes Indenture (as defined in note 7). For additional information, see note 7.
- (f) No amounts have been allocated to deferred revenue with respect to the ongoing performance obligations associated with our B2B service contracts, as our view is that the remaining fees to be received under these contracts approximate fair value given our estimates of the costs associated with these ongoing obligations.

**(4) Derivative Instruments**

We have entered into various derivative instruments to manage (i) interest rate exposure, (ii) foreign currency exposure with respect to the United States (U.S.) dollar (\$) and (iii) equity exposure with respect to the dilutive effects of the VM Convertible Notes. Although we applied hedge accounting to certain of our derivative instruments prior to the LG/VM Transaction, we currently do not apply hedge accounting to our derivative instruments. Accordingly, during the Successor periods, changes in the fair values of our derivative instruments are recorded in realized and unrealized gains or losses on derivative instruments, net, in our consolidated statements of operations. Prior to the LG/VM Transaction, the effective portion of the net fair value adjustments associated with these derivative instruments was reflected in other comprehensive earnings (loss).

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

	Successor			Predecessor		
	December 31, 2013			December 31, 2012		
	Current	Long-term (a)	Total	Current	Long-term (a)	Total
<b>Assets:</b>						
Cross-currency and interest rate derivative contracts (b) (c) . . . . .	£ 27.7	£ 138.0	£ 165.7	£ 36.2	£ 140.6	£ 176.8
Equity-related derivative instruments (d) . . . . .	—	20.1	20.1	—	302.4	302.4
<b>Total . . . . .</b>	<b>£ 27.7</b>	<b>£ 158.1</b>	<b>£ 185.8</b>	<b>£ 36.2</b>	<b>£ 443.0</b>	<b>£ 479.2</b>
<b>Liabilities:</b>						
Cross-currency and interest rate derivative contracts (b) (c) . . . . .	£ 69.2	£ 253.7	£ 322.9	£ 29.3	£ 88.1	£ 117.4
Equity-related derivative instruments (d) . . . . .	67.3	—	67.3	—	—	—
<b>Total . . . . .</b>	<b>£ 136.5</b>	<b>£ 253.7</b>	<b>£ 390.2</b>	<b>£ 29.3</b>	<b>£ 88.1</b>	<b>£ 117.4</b>

- (a) Our long-term derivative assets and liabilities are included in other assets, net, and other long-term liabilities, respectively, in our consolidated balance sheets.
- (b) We consider credit risk in our fair value assessments. As of December 31, 2013 and 2012, (i) the fair values of our cross-currency and interest rate derivative contracts that represented assets have been reduced by credit risk valuation adjustments aggregating £3.1 million and £4.8 million, respectively, and (ii) the fair values of our cross-currency and interest rate derivative contracts that represented liabilities have been reduced by credit risk valuation adjustments aggregating £32.8 million and £11.5 million, respectively. The adjustments to our derivative assets relate to the credit risk associated with counterparty nonperformance and the adjustments to our derivative liabilities relate to credit risk associated with our own nonperformance. In all cases, the adjustments take into account offsetting liability or asset positions within a given contract. Our determination of credit risk valuation adjustments generally is based on our and our counterparties' credit risks, as observed in the credit default swap market and market quotations for certain of our debt instruments, as applicable. The changes in the credit risk valuation adjustments associated with our cross-currency and interest rate derivative contracts resulted in net gains (losses) of £29.7 million and (£6.8 million) during the Successor period from June 8 to December 31, 2013 and the Predecessor period from January 1 to June 7, 2013, respectively, and net gains (losses) of £24.8 million and (£4.2 million) during the years ended December 31, 2012 and 2011, respectively. The amounts included in realized and unrealized gains (losses) on derivative instruments, net, in our consolidated statements of operations were £29.7 million, £0.7 million, £6.3 million and (£8.6 million) for the Successor period from June 8 to December 31, 2013, the Predecessor period from January 1 to June 7, 2013, and the years ended December 31, 2012 and 2011, respectively. The amounts included in net unrealized gains (losses) on derivative instruments, in our consolidated statements of comprehensive earnings (loss) were nil, (£7.5 million), £18.5 million and £4.4 million for the Successor period from June 8 to December 31, 2013, the Predecessor period from January 1 to June 7, 2013, and the years ended December 31, 2012 and 2011, respectively. For further information concerning our fair value measurements, see note 5.
- (c) At December 31, 2012, our current assets, long-term assets, current liabilities and long-term liabilities included derivative instruments that were accounted for using hedge accounting of £25.6 million, £127.6 million, £9.3 million and £54.5 million, respectively.
- (d) The fair value of our equity-related derivative instruments relate to the Virgin Media Capped Calls, as defined and described below, and, at December 31, 2013, the derivative embedded in the VM Convertible Notes, as defined and described in note 7.

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

	Successor	Predecessor (a)		
	Period from June 8 to December 31, 2013	Period from January 1 to June 7, 2013	Year ended December 31, 2012	Year ended December 31, 2011
Cross-currency and interest rate derivative contracts .....	£ (230.7)	£ (0.3)	£ (25.2)	£ (8.3)
Equity-related derivative instruments (b) .....	31.1	50.0	174.1	(43.3)
Foreign currency forward contracts .....	(3.8)	2.1	(0.8)	0.9
Total .....	£ (203.4)	£ 51.8	£ 148.1	£ (50.7)

(a) The Predecessor periods include net hedge ineffectiveness gains (losses) related to derivative instruments accounted for as cash flow or fair value hedges of (£8.5 million), (£4.2 million) and £3.7 million during the period from January 1 to June 7, 2013 and the years ended December 31, 2012 and 2011, respectively. The effective portion of the net fair value adjustments associated with these derivative instruments, which are reflected in other comprehensive earnings (loss), aggregated losses of £10.8 million, £47.6 million and £46.5 million during such periods, respectively.

(b) Primarily represents activity related to the Virgin Media Capped Calls, as defined and described below, and in the Successor period, the derivative embedded in the VM Convertible Notes, as defined and described in note 7.

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

	Successor	Predecessor		
	Period from June 8 to December 31, 2013	Period from January 1 to June 7, 2013	Year ended December 31, 2012	Year ended December 31, 2011
Operating activities .....	£ (12.3)	£ (15.8)	£ (13.4)	£ (40.8)
Investing activities .....	—	2.1	0.9	0.1
Financing activities .....	364.3	—	(26.0)	68.3
Total .....	£ 352.0	£ (13.7)	£ (38.5)	£ 27.6

**Counterparty Credit Risk**

We are exposed to the risk that the counterparties to our derivative instruments will default on their obligations to us. We manage these credit risks through the evaluation and monitoring of the creditworthiness of, and concentration of risk with, the respective counterparties. In this regard, credit risk associated with our derivative instruments is spread across a relatively broad counterparty base of banks and financial institutions. We and our counterparties do not post collateral or other security, nor have we entered into master netting arrangements with any of our counterparties. At December 31, 2013, our exposure to counterparty credit risk included derivative assets with an aggregate fair value of £155.0 million.

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Under our derivative contracts, it is generally only the non-defaulting party that has a contractual option to exercise early termination rights upon the default of the other counterparty and to set off other liabilities against sums due upon such termination. However, in an insolvency of a derivative counterparty, under the laws of certain jurisdictions, the defaulting counterparty or its insolvency representatives may be able to compel the termination of one or more derivative contracts and trigger early termination payment liabilities payable by us, reflecting any mark-to-market value of the contracts for the counterparty. Alternatively, or in addition, the insolvency laws of certain jurisdictions may require the mandatory set-off of amounts due under such derivative contracts against present and future liabilities owed to us under other contracts between us and the relevant counterparty. Accordingly, it is possible that we may be subject to obligations to make payments, or may have present or future liabilities owed to us partially or fully discharged by set-off as a result of such obligations, in the event of the insolvency of a derivative counterparty, even though it is the counterparty that is in default and not us. To the extent that we are required to make such payments, our ability to do so will depend on our liquidity and capital resources at the time. In an insolvency of a defaulting counterparty, we will be an unsecured creditor in respect of any amount owed to us by the defaulting counterparty, except to the extent of the value of any collateral we have obtained from that counterparty.

The risks we would face in the event of a default by a counterparty to one of our derivative instruments might be eliminated or substantially mitigated if we were able to novate the relevant derivative contracts to a new counterparty following the default of our counterparty. While we anticipate that, in the event of the insolvency of one of our derivative counterparties, we would seek to effect such novations, no assurance can be given that we would obtain the necessary consents to do so or that we would be able to do so on terms or pricing that would be acceptable to us or that any such novation would not result in substantial costs to us. Furthermore, the underlying risks that are the subject of the relevant derivative contracts would no longer be effectively hedged due to the insolvency of our counterparty, unless and until we novate or replace the derivative contract.

While we currently have no specific concerns about the creditworthiness of any counterparty for which we have material credit risk exposures, we cannot rule out the possibility that one or more of our counterparties could fail or otherwise be unable to meet its obligations to us. Any such instance could have an adverse effect on our cash flows, results of operations, financial condition and/or liquidity.

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

*Cross-currency Swaps:*

The terms of our outstanding cross-currency swap contracts at December 31, 2013 which are held by our subsidiary, Virgin Media Investment Holdings Limited (VMIH), are as follows:

<u>Final maturity date (a)</u>	<u>Notional amount due from counterparty</u>	<u>Notional amount due to counterparty</u>	<u>Interest rate due from counterparty</u>	<u>Interest rate due to counterparty</u>
	in millions			
February 2022 . . . . .	\$ 1,400.0	£ 873.6	5.01%	5.35%
June 2020 . . . . .	\$ 1,384.6	£ 901.4	6 mo. US LIBOR + 2.75%	6 mo. LIBOR + 3.18%
October 2020 . . . . .	\$ 1,370.4	£ 881.6	6 mo. US LIBOR + 2.75%	6 mo. LIBOR + 3.10%
January 2018 . . . . .	\$ 1,000.0	£ 615.7	6.50%	7.05%
October 2019 . . . . .	\$ 500.0	£ 302.3	8.38%	9.07%
April 2019 . . . . .	\$ 291.5	£ 186.2	5.38%	5.49%
November 2016 (b) . . . . .	\$ 55.0	£ 27.7	6.50%	7.03%

(a) The notional amount of multiple derivative instruments that mature within the same calendar month are shown in the aggregate and interest rates are presented on a weighted average basis.

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- (b) Unlike the other cross-currency swaps presented in this table, the identified cross-currency swap does not involve the exchange of notional amounts at the inception and maturity of the instruments. Accordingly, the only cash flows associated with this instrument are interest payments and receipts.

*Cross-currency Interest Rate Swaps:*

The terms of our outstanding cross-currency interest rate swap contracts at December 31, 2013, which are held by VMIH, are as follows:

<u>Final maturity date (a)</u>	<u>Notional amount due from counterparty</u>	<u>Notional amount due to counterparty</u>	<u>Interest rate due from counterparty</u>	<u>Interest rate due to counterparty</u>
	in millions			
January 2021 .....	\$ 500.0	£ 308.9	5.25%	6 mo. LIBOR + 1.94%

- (a) The notional amount of multiple derivative instruments that mature within the same calendar month are shown in the aggregate and interest rates are presented on a weighted average basis.

*Interest Rate Swaps:*

The terms of our outstanding interest rate swap contracts at December 31, 2013, which are held by VMIH, are as follows:

<u>Final maturity date (a)</u>	<u>Notional amount</u>	<u>Interest rate due from counterparty</u>	<u>Interest rate due to counterparty</u>
	in millions		
October 2018 .....	£ 2,155.0	6 mo. LIBOR	1.52%
January 2021 .....	£ 650.0	5.50%	6 mo. LIBOR + 1.84%
January 2021 .....	£ 650.0	6 mo. LIBOR + 1.84%	3.87%
December 2015 .....	£ 600.0	6 mo. LIBOR	2.86%
April 2018 .....	£ 300.0	6 mo. LIBOR	1.37%

- (a) The notional amount of multiple derivative instruments that mature within the same calendar month are shown in the aggregate and interest rates are presented on a weighted average basis.

***Equity-Related Derivative Instruments***

*Virgin Media Capped Calls.* During 2010, we entered into conversion hedges (the Virgin Media Capped Calls) with respect to the VM Convertible Notes, as defined and described in note 7, in order to offset a portion of the dilutive effects associated with conversion of the VM Convertible Notes. We account for the Virgin Media Capped Calls at fair value using a binomial pricing model and changes in fair value are reported in realized and unrealized gains or losses on derivative instruments, net, in our consolidated statements of operations. The fair value of the Virgin Media Capped Calls as of December 31, 2013 was an asset of £20.1 million. The Virgin Media Capped Calls mature on dates ranging from September 30, 2016 to November 10, 2016.

As further described in note 7, during the Successor period in 2013, most of the VM Convertible Notes were exchanged for Liberty Global Class A and Class C ordinary shares and cash pursuant to the terms of the VM Convertible Notes Indenture (as defined in note 7). Accordingly, during 2013, we settled 93.8% of the notional amount of the Virgin Media Capped Calls for cash proceeds of \$534.8 million (£353.4 million at the applicable rate).

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**(5) Fair Value Measurements**

We use the fair value method to account for our derivative instruments. The reported fair values of these derivative instruments as of December 31, 2013 likely will not represent the value that will be paid or received upon the ultimate settlement or disposition of these assets and liabilities. We expect that the values realized generally will be based on market conditions at the time of settlement, which may occur at the maturity of the derivative instrument or at the time of the repayment or refinancing of the underlying debt instrument.

GAAP provides for a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. We record transfers of assets or liabilities in or out of Levels 1, 2 or 3 at the beginning of the quarter during which the transfer occurred. During 2013, no such transfers were made.

All of our Level 2 inputs (interest rate futures, swap rates and certain of the inputs for our weighted average cost of capital calculations) and certain of our Level 3 inputs (forecasted volatilities and credit spreads) are obtained from pricing services. These inputs, or interpolations or extrapolations thereof, are used in our internal models to calculate, among other items, yield curves, forward interest and currency rates and weighted average cost of capital rates. In the normal course of business, we receive market value assessments from the counterparties to our derivative contracts. Although we compare these assessments to our internal valuations and investigate unexpected differences, we do not otherwise rely on counterparty quotes to determine the fair values of our derivative instruments. The midpoints of applicable bid and ask ranges generally are used as inputs for our internal valuations.

The recurring fair value measurement of our equity-related derivatives are based on binomial option pricing models, which require the input of observable and unobservable variables such as exchange traded equity prices, risk-free interest rates, dividend yields and forecasted volatilities of the underlying equity securities. The valuations of our equity-related derivatives are based on a combination of Level 1 inputs (exchange traded equity prices), Level 2 inputs (interest rate futures and swap rates) and Level 3 inputs (forecasted volatilities). As changes in volatilities could have a significant impact on the overall valuations, we have determined that these valuations fall under Level 3 of the fair value hierarchy. For the December 31, 2013 valuations of our equity-related derivatives, we used estimated volatilities ranging from 25% to 27%. Based on the December 31, 2013 market price for Liberty Global ordinary shares, changes in forecasted volatilities currently would not have a significant impact on the valuation of the Virgin Media Capped Calls or the derivative embedded in the VM Convertible Notes, as defined and described in note 7.

As further described in note 4, we have entered into various derivative instruments to manage our interest rate and foreign currency exchange risk. The recurring fair value measurements of these derivative instruments are determined using discounted cash flow models. Most of the inputs to these discounted cash flow models consist of, or are derived from, observable Level 2 data for substantially the full term of these derivative instruments. This observable data includes applicable interest rate futures and swap rates, which are retrieved or derived from available market data. Although we may extrapolate or interpolate this data, we do not otherwise alter this data in performing our valuations. We incorporate a credit risk valuation adjustment in our fair value measurements to estimate the impact of both our own nonperformance risk and the nonperformance risk of our counterparties. Our and our counterparties' credit spreads are Level 3 inputs that are used to derive the credit risk valuation adjustments with respect to our various interest rate and foreign currency derivative valuations. As we would not expect changes in our or our counterparties' credit spreads to have a significant impact on the valuations of these derivative instruments, we have determined that these valuations fall under Level 2 of the fair value hierarchy. Our credit risk valuation adjustments with respect to our cross-currency and interest rate swaps are quantified and further explained in note 4.

Fair value measurements are also used in connection with nonrecurring valuations performed in connection with impairment assessments and acquisition accounting. These nonrecurring valuations include the valuation of customer relationship intangible assets, property and equipment and the implied value of goodwill. The valuation

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of customer relationships is primarily based on an excess earnings methodology, which is a form of a discounted cash flow analysis. The excess earnings methodology requires us to estimate the specific cash flows expected from the customer relationship, considering such factors as estimated customer life, the revenue expected to be generated over the life of the customer, contributory asset charges, and other factors. Tangible assets are typically valued using a replacement or reproduction cost approach, considering factors such as current prices of the same or similar equipment, the age of the equipment and economic obsolescence. The implied value of goodwill is determined by allocating the fair value of a reporting unit to all of the assets and liabilities of that unit as if the reporting unit had been acquired in a business combination, with the residual amount allocated to goodwill. All of our nonrecurring valuations use significant unobservable inputs and therefore fall under Level 3 of the fair value hierarchy. During 2013, we performed nonrecurring valuations for the LG/VM Transaction. We used a discount rate of 9.0% for our valuation of the customer relationships acquired as a result of this acquisition. For additional information, see note 3.

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

<u>Description</u>	<b>Successor</b>			
	<b>Fair value measurements at December 31, 2013 using:</b>			
	<b>December 31, 2013</b>	<b>Quoted prices in active markets for identical assets (Level 1)</b>	<b>Significant other observable inputs (Level 2)</b>	<b>Significant unobservable inputs (Level 3)</b>
	<b>in millions</b>			
<b>Assets:</b>				
Cross-currency and interest rate derivative contracts .....	£ 165.7	£ —	£ 165.7	£ —
Equity-related derivative instruments .....	20.1	—	—	20.1
<b>Total assets</b> .....	<b>£ 185.8</b>	<b>£ —</b>	<b>£ 165.7</b>	<b>£ 20.1</b>
<b>Liabilities:</b>				
Cross-currency and interest rate derivative contracts .....	£ 322.9	£ —	£ 322.9	£ —
Equity-related derivative instruments .....	67.3	—	—	67.3
<b>Total liabilities</b> .....	<b>£ 390.2</b>	<b>£ —</b>	<b>£ 322.9</b>	<b>£ 67.3</b>

<u>Description</u>	<b>Predecessor</b>			
	<b>Fair value measurements at December 31, 2012 using:</b>			
	<b>December 31, 2012</b>	<b>Quoted prices in active markets for identical assets (Level 1)</b>	<b>Significant other observable inputs (Level 2)</b>	<b>Significant unobservable inputs (Level 3)</b>
	<b>in millions</b>			
<b>Assets:</b>				
Cross-currency and interest rate derivative contracts .....	£ 176.8	£ —	£ 176.8	£ —
Equity-related derivative instruments .....	302.4	—	—	302.4
<b>Total assets</b> .....	<b>£ 479.2</b>	<b>£ —</b>	<b>£ 176.8</b>	<b>£ 302.4</b>
<b>Liabilities:</b>				
Cross-currency and interest rate derivative contracts .....	£ 117.4	£ —	£ 117.4	£ —



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A reconciliation of the beginning and ending balances of Virgin Media Capped Calls, which are measured at fair value on a recurring basis using significant unobservable, or Level 3, inputs is as follows (in millions):

Predecessor:	
Balance of net asset at January 1, 2013 .....	£ 302.4
Gains included in net earnings:	
Unrealized gains on derivative instruments, net .....	50.0
Foreign currency translation adjustments .....	12.5
Balance of net asset at June 7, 2013 .....	<u>£ 364.9</u>
<hr/>	
Successor:	
Balance of net asset at June 7, 2013 .....	£ 364.9
Gains included in net loss:	
Unrealized gains on derivative instruments, net .....	0.8
Foreign currency translation adjustments .....	7.8
Cash settlements .....	(353.4)
Balance of net asset at December 31, 2013 .....	<u>£ 20.1</u>

A reconciliation of the beginning and ending balances of the derivative embedded in the VM Convertible Notes, which is measured at fair value on a recurring basis using significant unobservable, or Level 3, inputs is as follows (in millions):

Successor:	
Balance of net liability at June 7, 2013 .....	£ 1,068.5
Gains included in net loss:	
Unrealized gains on derivative instruments, net .....	(30.3)
Foreign currency translation adjustments .....	20.8
Settlements .....	(991.7)
Balance of net liability at December 31, 2013 .....	<u>£ 67.3</u>

**(6) Long-lived Assets**

***Property and Equipment, Net***

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

	Estimated useful life at December 31, 2013	Successor December 31, 2013	Predecessor December 31, 2012
Distribution systems .....	4 to 30 years	£ 5,158.2	£ 7,947.4
Customer premises equipment .....	3 to 5 years	915.8	1,355.1
Support equipment, buildings and land .....	3 to 40 years	716.5	690.7
		<u>6,790.5</u>	<u>9,993.2</u>
Accumulated depreciation .....		(677.9)	(5,481.0)
Total property and equipment, net .....		<u>£ 6,112.6</u>	<u>£ 4,512.2</u>

During the period from June 8 to December 31, 2013, the period from January 1 to June 7, 2013 and the years ended December 31, 2012 and December 31, 2011, depreciation expense related to our property and equipment was £704.7 million, £432.8 million, £966.4 million and £928.0 million, respectively.

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At December 31, 2013 and 2012, the amount of property and equipment, net, recorded under capital leases was £305.9 million and £242.6 million, respectively. Most of these amounts relate to assets included in our customer premises equipment category. Depreciation of assets under capital leases of our continuing operations is included in depreciation and amortization in our consolidated statements of operations.

During the period from June 8 to December 31, 2013, the period from January 1 to June 7, 2013 and the years ended December 31, 2012 and December 31, 2011, we recorded non-cash increases to our property and equipment related to assets acquired under capital leases of £28.3 million, £64.7 million, £88.9 million and £91.2 million, respectively. In addition, during the period from June 8 to December 31, 2013, we recorded non-cash increases related to vendor financing arrangements of £34.8 million, which amount excludes related value-added taxes of £3.0 million that were also financed by our vendors under these arrangements.

During the third quarter of 2013, we recorded a charge of £9.2 million related to the impairment of certain network assets.

***Goodwill***

Changes in the carrying amount of our goodwill during 2013 are set forth below (in millions):

January 1, 2013 .....	£ 2,017.5
LG/VM Transaction (note 3):	
Elimination of Predecessor goodwill .....	(2,017.5)
Addition .....	5,793.7
December 31, 2013 .....	<u>£ 5,793.7</u>

The carrying amount of goodwill was unchanged during 2012.

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

The details of our intangible assets subject to amortization are set forth below (in millions):

	Estimated useful life at December 31, 2013	Successor		
		December 31, 2013		
		Gross carrying amount	Accumulated amortization	Net carrying amount
Customer relationships .....	5 to 8 years	£ 2,527.0	£ (205.5)	£ 2,321.5

During the period from June 8 to December 31, 2013, the period from January 1 to June 7, 2013 and the years ended December 31, 2012 and December 31, 2011, amortization of intangible assets with finite useful lives was £205.5 million, nil, nil and £118.4 million, respectively. Based on the amortizable intangible asset balances at December 31, 2013, we expect that amortization expense will be as follows for the next five years and thereafter. The amortization expense amounts as of December 31, 2013 are presented below (in millions):

2014 .....	£ 365.0
2015 .....	365.0
2016 .....	365.0
2017 .....	365.0
2018 .....	363.5
Thereafter .....	<u>498.0</u>
Total .....	<u>£ 2,321.5</u>

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

The pound sterling equivalents of the components of our consolidated debt and capital lease obligations are as follows (in millions, except percentages):

	December 31, 2013		Estimated fair value (c)		Carrying value (d)	
	Weighted average interest rate (a)	Unused borrowing capacity (b)	Successor December 31, 2013	Predecessor December 31, 2012	Successor December 31, 2013	Predecessor December 31, 2012
Debt:						
Parent:						
VM Convertible Notes (e) . . . . .	6.50%	£ —	£ 99.1	£ 1,276.3	£ 34.7	£ 544.0
Subsidiaries:						
VM Notes . . . . .	6.36%	—	5,546.6	4,660.5	5,523.3	4,406.1
VM Credit Facility . . . . .	3.77%	660.0	2,649.3	750.0	2,627.5	750.0
Vendor financing (f) . . . . .	3.01%	—	37.8	—	37.8	—
Total debt . . . . .	<u>5.50%</u>	<u>£ 660.0</u>	<u>£ 8,332.8</u>	<u>£ 6,686.8</u>	<u>8,223.3</u>	<u>5,700.1</u>
Capital lease obligations . . . . .					225.5	229.0
Total debt and capital lease obligations . . . . .					8,448.8	5,929.1
Current maturities . . . . .					(159.5)	(77.1)
Long-term debt and capital lease obligations . . . . .					<u>£ 8,289.3</u>	<u>£ 5,852.0</u>

- (a) Represents the weighted average interest rate in effect at December 31, 2013 for all borrowings outstanding pursuant to each debt instrument including any applicable margin. The interest rates presented represent stated rates and do not include the impact of our interest rate derivative contracts, deferred financing costs, original issue premiums or discounts or commitment fees, all of which affect our overall cost of borrowing. Including the effects of derivative instruments, original issue premiums and discounts and commitment fees, but excluding the impact of financing costs, our weighted average interest rate on our aggregate variable- and fixed-rate indebtedness was approximately 6.1% at December 31, 2013. For information concerning our derivative instruments, see note 4.
- (b) Unused borrowing capacity represents the maximum availability under the VM Credit Facility (as defined and described below) at December 31, 2013 without regard to covenant compliance calculations or other conditions precedent to borrowing. At December 31, 2013, our availability under the VM Credit Facility was limited to £653.6 million. When the December 31, 2013 compliance reporting requirements have been completed and assuming no changes from December 31, 2013 borrowing levels, we anticipate that our availability at December 31, 2013 under the VM Credit Facility will be limited to £622.0 million. In addition to the limitations noted above, the debt instruments of our subsidiaries contain restricted payment tests that limit the amount that can be loaned or distributed to other Virgin Media subsidiaries and ultimately to Virgin Media. At December 31, 2013, the availability to be loaned or distributed by VMIH to other Virgin Media subsidiaries and ultimately to Virgin Media was limited to £305.2 million. When the relevant December 31, 2013 compliance reporting requirements have been completed and assuming no changes from December 31, 2013 borrowing levels, we anticipate that only £139.4 million of the borrowing capacity of VMIH will be available under these tests to be loaned or distributed.
- (c) The estimated fair values of our debt instruments were determined using the average of applicable bid and ask prices (mostly Level 1 of the fair value hierarchy) or, when quoted market prices are unavailable or not considered indicative of fair value, discounted cash flow models (mostly Level 2 of the fair value hierarchy). The discount rates used in the cash flow models are based on the market interest rates and

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estimated credit spreads of the applicable entity, to the extent available, and other relevant factors. For additional information concerning fair value hierarchies, see note 5.

- (d) Amounts include the impact of premiums and discounts, where applicable.
- (e) The amount reported in the estimated fair value column for the VM Convertible Notes represents the estimated fair value of the remaining VM Convertible Notes outstanding as of December 31, 2013, including both the debt and equity components.
- (f) Represents amounts owed pursuant to interest-bearing vendor financing arrangements that are generally due within one year. At December 31, 2013, the amount owed pursuant to these arrangements includes £3.0 million of value-added taxes that were paid on our behalf by the vendor. Repayments of vendor financing obligations are included in repayments and repurchases of debt and capital lease obligations in our consolidated statements of cash flows.

***VM Convertible Notes***

In April 2008, Old Virgin Media issued \$1.0 billion (£603.6 million) principal amount of 6.50% convertible senior notes (the VM Convertible Notes), pursuant to an indenture (as supplemented, the VM Convertible Notes Indenture). The VM Convertible Notes mature on November 15, 2016, unless the VM Convertible Notes are exchanged or repurchased prior thereto pursuant to the terms of the VM Convertible Notes Indenture.

As a result of the application of acquisition accounting in connection with the LG/VM Transaction, the \$2,716.8 million (£1,748.7 million on the date of the LG/VM Transaction) estimated fair value of the VM Convertible Notes at June 7, 2013 was allocated between the respective debt and equity components. The portion allocated to the debt component of \$1,056.8 million (£680.2 million on the date of the LG/VM Transaction) was measured based on the estimated fair value of a debt instrument that has the same terms as the VM Convertible Notes without the conversion feature. The amount allocated to the debt component resulted in a premium to the principal amount of the VM Convertible Notes. The \$1,660.0 million (£1,068.5 million on the date of the LG/VM Transaction) portion allocated to the equity component at June 7, 2013 was recorded as a derivative instrument included within current liabilities in our consolidated balance sheet. The equity component is accounted for as an embedded derivative that requires bifurcation from the debt instrument due to the fact that the conversion option is indexed to Liberty Global shares.

The VM Convertible Notes are exchangeable under certain conditions for (subject to further adjustment as provided in the VM Convertible Notes Indenture and subject to our right to settle in cash or a combination of Liberty Global ordinary shares and cash) 13.4339 Class A ordinary shares of Liberty Global, 10.0312 Class C ordinary shares of Liberty Global and \$910.51 (£549.59) in cash (without interest) for each \$1,000 (£603.61) in principal amount of VM Convertible Notes exchanged. The circumstances under which the VM Convertible Notes are exchangeable are more fully described in the VM Convertible Notes Indenture, including, for example, based on the relationship of the value of the LG/VM Transaction Consideration to the conversion price of the VM Convertible Notes. Based on the trading prices of Liberty Global's Class A and Class C ordinary shares during a specified period, as provided for in the VM Convertible Notes Indenture, the VM Convertible Notes are currently exchangeable. Because the LG/VM Transaction constituted a "Fundamental Change" and a "Make-Whole Fundamental Change" under the VM Convertible Notes Indenture, a holder of the VM Convertible Notes who exchanged such notes at any time from June 7, 2013 through July 9, 2013 received 13.8302 Class A ordinary shares of Liberty Global, 10.3271 Class C ordinary shares of Liberty Global and \$937.37 (£565.81) in cash (without interest) for each \$1,000 (£603.61) in principal amount of VM Convertible Notes exchanged.

As of December 31, 2013, an aggregate of \$944.2 million (£569.9 million) principal amount of VM Convertible Notes had been exchanged following the LG/VM Transaction for 13.1 million Class A ordinary shares of Liberty Global and 9.8 million Class C ordinary shares of Liberty Global and \$885.1 million (£534.3 million) of cash. No gain or loss on extinguishment was recorded for these exchanges as the debt component of the VM Convertible Notes was measured at fair value shortly before the exchanges pursuant to the

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application of acquisition accounting in connection with the LG/VM Transaction. After giving effect to all exchanges completed, the remaining principal amount outstanding under the VM Convertible Notes was \$54.8 million (£33.1 million) as of December 31, 2013. The fair value of the derivative liability at December 31, 2013 was £67.3 million.

The VM Convertible Notes are senior unsecured obligations of our company that rank equally in right of payment with all of our existing and future senior and unsecured indebtedness and ranks senior in right to all of our existing and future subordinated indebtedness. The VM Convertible Notes are effectively subordinated to all existing and future indebtedness and other obligations of our subsidiaries. The VM Convertible Notes Indenture does not contain any financial or restrictive covenants. The VM Convertible Notes are non-callable.

As discussed in note 1, the Liberty Global share and share-based amounts set forth above have not been adjusted to give effect to the 2014 Share Dividend.

***VM Notes***

At December 31, 2013, the following senior notes of certain of our subsidiaries were outstanding:

- \$507.1 million (£306.1 million) principal amount of 8.375% senior notes (the 2019 VM Dollar Senior Notes) and £253.5 million principal amount of 8.875% senior notes (the 2019 VM Sterling Senior Notes and, together with the 2019 VM Dollar Senior Notes, the 2019 VM Senior Notes). The 2019 VM Senior Notes were issued by Virgin Media Finance PLC (Virgin Media Finance), a wholly-owned subsidiary of Virgin Media;
- \$1.0 billion (£603.6 million) principal amount of 6.50% senior secured notes (the 2018 VM Dollar Senior Secured Notes) and £875.0 million principal amount of 7.0% senior secured notes (the 2018 VM Sterling Senior Secured Notes and, together with the 2018 VM Dollar Senior Secured Notes, the 2018 VM Senior Secured Notes). The 2018 VM Senior Secured Notes were issued by Virgin Media Secured Finance PLC (Virgin Media Secured Finance), a wholly-owned subsidiary of Virgin Media;
- \$447.9 million (£270.4 million) principal amount of 5.25% senior secured notes (the January 2021 VM Dollar Senior Secured Notes) and £628.4 million principal amount of 5.50% senior secured notes (the January 2021 VM Sterling Senior Secured Notes and, together with the January 2021 VM Dollar Senior Secured Notes, the January 2021 VM Senior Secured Notes). The January 2021 VM Senior Secured Notes were issued by Virgin Media Secured Finance;
- \$95.0 million (£57.3 million) principal amount of 5.25% senior notes (the 2022 VM 5.25% Dollar Senior Notes);
- \$118.7 million (£71.6 million) principal amount of 4.875% senior notes (the 2022 VM 4.875% Dollar Senior Notes) and £44.1 million principal amount of 5.125% senior notes (the 2022 VM Sterling Senior Notes and, together with the 2022 VM 4.875% Dollar Senior Notes and the 2022 VM 5.25% Dollar Senior Notes, the 2022 VM Senior Notes). The 2022 VM Senior Notes were issued by Virgin Media Finance;
- \$1.0 billion (£603.6 million) principal amount of 5.375% senior secured notes (the April 2021 VM Dollar Senior Secured Notes) and £1.1 billion principal amount of 6.0% senior secured notes (the April 2021 VM Sterling Senior Secured Notes and, together with the April 2021 VM Dollar Senior Secured Notes, the April 2021 VM Senior Secured Notes); and
- \$530.0 million (£319.9 million) principal amount of 6.375% senior notes (the 2023 VM Dollar Senior Notes) and £250.0 million principal amount of 7.0% senior notes (the 2023 VM Sterling Senior Notes and, together with the 2023 VM Dollar Senior Notes, the 2023 VM Senior Notes).

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The April 2021 VM Senior Secured Notes and the 2023 VM Senior Notes were originally issued by subsidiaries of Liberty Global in February 2013 in connection with the execution of the LG/VM Transaction Agreement. The net proceeds (after deducting certain transaction expenses) from the April 2021 VM Senior Secured Notes and the 2023 VM Senior Notes of £2,198.3 million (equivalent at the transaction date) were placed into segregated escrow accounts with a trustee. Such net proceeds were released in connection with the closing of the LG/VM Transaction. In addition, upon completion of the LG/VM Transaction, the April 2021 VM Senior Secured Notes and the 2023 VM Senior Notes were pushed down to Virgin Media Secured Finance and Virgin Media Finance, respectively.

The 2018 VM Senior Secured Notes, the January 2021 VM Senior Secured Notes and the April 2021 VM Senior Secured Notes are collectively referred to as the “VM Senior Secured Notes.” The 2019 VM Senior Notes, the 2022 VM Senior Notes and the 2023 VM Senior Notes are collectively referred to as the “VM Senior Notes” (and together with the VM Senior Secured Notes, the VM Notes).

Under the terms of the applicable indentures, the completion of the LG/VM Transaction represented a “Change of Control” event that required Virgin Media Secured Finance and Virgin Media Finance, as applicable, to offer to repurchase the January 2021 VM Senior Secured Notes and the 2022 VM Senior Notes at a repurchase price of 101% of par. In this regard, on June 11, 2013, Virgin Media Secured Finance and Virgin Media Finance, as applicable, redeemed (i) \$52.1 million (£31.4 million) of the January 2021 VM Dollar Senior Secured Notes, (ii) £21.6 million of the January 2021 VM Sterling Senior Secured Notes, (iii) \$405.0 million (£244.5 million) of the 2022 VM 5.25% Dollar Senior Notes, (iv) \$781.3 million (£471.6 million) of the 2022 VM 4.875% Dollar Senior Notes and (v) £355.9 million of the 2022 VM Sterling Senior Notes. With respect to the 2019 VM Senior Notes and the 2018 VM Senior Secured Notes, Virgin Media previously had obtained consent from holders of such notes to waive its repurchase obligations under the respective indentures related to the “Change of Control” provisions. The LG/VM Transaction did not constitute a “Change of Control” event under the indentures governing the April 2021 VM Senior Secured Notes and the 2023 VM Senior Notes.

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The details of the VM Notes as of December 31, 2013 are summarized in the following table:

<u>VM Notes</u>	<u>Maturity</u>	<u>Interest rate</u>	<u>Outstanding principal amount</u>		<u>Estimated fair value</u>	<u>Carrying value (a)</u>
			<u>Borrowing currency</u>	<u>Pound sterling equivalent</u>		
					<u>in millions</u>	
2018 VM Dollar Senior Secured Notes .....	January 15, 2018	6.500%	\$ 1,000.0	£ 603.6	£ 626.6	£ 629.3
2018 VM Sterling Senior Secured Notes .....	January 15, 2018	7.000%	£ 875.0	875.0	910.0	914.8
2019 VM Dollar Senior Notes ....	October 15, 2019	8.375%	\$ 507.1	306.1	334.4	336.3
2019 VM Sterling Senior Notes ...	October 15, 2019	8.875%	£ 253.5	253.5	276.9	277.5
January 2021 VM Dollar Senior Secured Notes .....	January 15, 2021	5.250%	\$ 447.9	270.4	276.8	279.0
January 2021 VM Sterling Senior Secured Notes .....	January 15, 2021	5.500%	£ 628.4	628.4	634.3	638.2
April 2021 VM Dollar Senior Secured Notes .....	April 15, 2021	5.375%	\$ 1,000.0	603.6	608.9	603.6
April 2021 VM Sterling Senior Secured Notes .....	April 15, 2021	6.000%	£ 1,100.0	1,100.0	1,135.1	1,100.0
2022 VM 5.25% Dollar Senior Notes .....	February 15, 2022	5.250%	\$ 95.0	57.3	51.1	57.9
2022 VM 4.875% Dollar Senior Notes .....	February 15, 2022	4.875%	\$ 118.7	71.6	62.8	72.3
2022 VM Sterling Senior Notes ...	February 15, 2022	5.125%	£ 44.1	44.1	40.9	44.5
2023 VM Dollar Senior Notes ....	April 15, 2023	6.375%	\$ 530.0	319.9	327.7	319.9
2023 VM Sterling Senior Notes ...	April 15, 2023	7.000%	£ 250.0	250.0	261.1	250.0
<b>Total .....</b>				<b>£ 5,383.5</b>	<b>£ 5,546.6</b>	<b>£ 5,523.3</b>

(a) Amounts include the impact of premiums and discounts, where applicable, including amounts recorded in connection with the acquisition accounting for the LG/VM Transaction.

The VM Senior Notes are unsecured senior obligations of Virgin Media Finance that rank equally with all of the existing and future senior debt of Virgin Media Finance and are senior to all existing and future subordinated debt of Virgin Media Finance. The VM Senior Notes are guaranteed on a senior basis by our company and certain of our subsidiaries and on a senior subordinated basis by VMIH and Virgin Media Investments Limited (VMIL).

The VM Senior Secured Notes are senior obligations of Virgin Media Secured Finance that rank equally with all of the existing and future senior debt of Virgin Media Secured Finance and are senior to all existing and future subordinated debt of Virgin Media Secured Finance. The VM Senior Secured Notes are guaranteed on a senior basis by our company and certain of our subsidiaries (the VM Senior Secured Guarantors) and are secured by liens on substantially all of the assets of Virgin Media Secured Finance and the VM Senior Secured Guarantors (except for Virgin Media). The VM Notes contain certain customary incurrence-based covenants. For example, the ability to raise certain additional debt and make certain distributions or loans to other subsidiaries of Liberty Global is subject to a Consolidated Leverage Ratio test, as defined in the applicable indenture. In addition, the VM Notes provide that any failure to pay principal prior to expiration of any applicable grace period, or any acceleration with respect to other indebtedness of £50.0 million or more in the aggregate of Virgin Media, Virgin Media Finance, Virgin Media Secured Finance or VMIH (as applicable under the relevant indenture), or the Restricted Subsidiaries (as defined in the applicable indenture) is an event of default under the VM Notes.

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Subject to the circumstances described below, the January 2021 VM Senior Secured Notes and the 2022 VM Senior Notes are non-callable. At any time prior to maturity, Virgin Media Secured Finance or Virgin Media Finance (as applicable) may redeem some or all of the January 2021 VM Senior Secured Notes or the 2022 VM Senior Notes (as applicable) by paying a “make-whole” premium, which is the present value of all remaining scheduled interest payments to (i) January 15, 2021 using the discount rate (as specified in the applicable indenture) as of the applicable redemption date plus 25 basis points in the case of the January 2021 VM Senior Secured Notes or (ii) February 15, 2022 using the discount rate (as specified in the applicable indenture) as of the applicable redemption date plus 50 basis points in the case of the 2022 VM Senior Notes.

Subject to the circumstances described below, the 2018 VM Senior Secured Notes are non-callable until January 15, 2014, the 2019 VM Senior Notes are non-callable until October 15, 2014, the April 2021 VM Senior Secured Notes are non-callable until April 15, 2017 and the 2023 VM Senior Notes are non-callable until April 15, 2018. At any time prior to January 15, 2014 in the case of the 2018 VM Senior Secured Notes, October 15, 2014 in the case of the 2019 VM Senior Notes, April 15, 2017 in the case of the April 2021 VM Senior Secured Notes or April 15, 2018 in the case of the 2023 VM Senior Notes, Virgin Media Secured Finance and Virgin Media Finance (as applicable) may redeem some or all of the 2018 VM Senior Secured Notes, the 2019 VM Senior Notes, the April 2021 VM Senior Secured Notes or the 2023 VM Senior Notes (as applicable) by paying a “make-whole” premium, which is the present value of all remaining scheduled interest payments to January 15, 2014, October 15, 2014, April 15, 2017 or April 15, 2018 (as applicable) using the discount rate (as specified in the applicable indenture) as of the redemption date plus 50 basis points.

Virgin Media Finance and Virgin Media Secured Finance (as applicable) may redeem some or all of the 2018 VM Senior Secured Notes, the 2019 VM Senior Notes, the April 2021 VM Senior Secured Notes or the 2023 VM Senior Notes at the following redemption prices (expressed as a percentage of the principal amount) plus accrued and unpaid interest and Additional Amounts (as defined in the applicable indenture), if any, to the applicable redemption date, if redeemed during the twelve-month period commencing on January 15, in the case of the 2018 VM Senior Secured Notes, October 15, in the case of the 2019 VM Senior Notes, or April 15, in the case of the April 2021 VM Senior Secured Notes and the 2023 VM Senior Notes, of the years set forth below:

Year	Redemption price							
	2018 VM Dollar Senior Secured Notes	2018 VM Sterling Senior Secured Notes	2019 VM Dollar Senior Notes	2019 VM Sterling Senior Notes	April 2021 VM Dollar Senior Secured Notes	April 2021 VM Sterling Senior Secured Notes	2023 VM Dollar Senior Notes	2023 VM Sterling Senior Notes
2014	103.250%	103.500%	104.188%	104.438%	N.A.	N.A.	N.A.	N.A.
2015	101.625%	101.750%	102.792%	102.958%	N.A.	N.A.	N.A.	N.A.
2016	100.000%	100.000%	101.396%	101.479%	N.A.	N.A.	N.A.	N.A.
2017	100.000%	100.000%	100.000%	100.000%	102.688%	103.000%	N.A.	N.A.
2018	N.A.	N.A.	100.000%	100.000%	101.344%	101.500%	103.188%	103.500%
2019	N.A.	N.A.	N.A.	N.A.	100.000%	100.000%	102.125%	102.333%
2020	N.A.	N.A.	N.A.	N.A.	100.000%	100.000%	101.063%	101.667%
2021 and thereafter	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	100.000%	100.000%

During March 2012, the net proceeds of the 2022 VM 5.25% Dollar Senior Notes and existing cash and cash equivalents were used to redeem a portion of the \$1,350.0 million (£814.9 million) principal amount of our then existing 9.5% senior notes (the 9.5% Senior Notes). During October 2012, a portion of (i) the net proceeds of the 2022 VM 4.875% Dollar Senior Notes and (ii) a portion of the net proceeds of the 2022 VM Sterling Senior Notes were used to redeem (a) the remaining amount of the 9.5% Senior Notes, (b) €180.0 million (£149.8 million) principal amount of 9.5% senior notes, (c) \$92.9 million (£56.1 million) principal amount of the 2019 VM Dollar Senior Notes and (d) £96.5 million principal amount of the 2019 VM Sterling Senior Notes. In connection with these transactions, we recognized aggregate losses on debt extinguishments of £187.8 million representing (i) premiums paid of £152.1 million, (ii) the write-off of unamortized original issue discounts of £22.6 million and (iii) the write-off of £13.1 million of deferred financing costs.



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During 2011, the net proceeds of the January 2021 VM Senior Secured Notes, a new £750.0 million senior credit facility (that was repaid during 2013 as noted above) and existing cash and cash equivalents were used to redeem the existing senior credit facility and \$550.0 million (£332.0 million) of our then existing principal amount of 9.125% senior notes. In connection with these transactions, we recognized losses on debt extinguishments of £47.2 million, representing the write-off of £30.7 million of deferred financing costs and premiums paid of £16.5 million.

***VM Credit Facility***

On June 7, 2013, VMIH, together with certain other subsidiaries of Virgin Media as borrowers and guarantors (the Virgin Media Borrowing Group) entered into a new senior secured credit facility agreement, as amended and restated on June 14, 2013 (the VM Credit Facility), pursuant to which the lenders thereunder agreed to provide the borrowers with (i) a £375.0 million term loan (VM Facility A), (ii) a \$2,755.0 million (£1,662.9 million) term loan (VM Facility B), (iii) a £600.0 million term loan (VM Facility C) and (iv) a £660.0 million revolving credit facility (the VM Revolving Facility). With the exception of the VM Revolving Facility, all available amounts were borrowed under the VM Credit Facility in June 2013. In connection with the LG/VM Transaction, we repaid our previous £750.0 million senior credit facility.

The VM Credit Facility requires that certain members of the Virgin Media Borrowing Group that generate not less than 80% of such group's EBITDA (as defined in the VM Credit Facility) in any financial year, guarantee the payment of all sums payable under the VM Credit Facility and such group members are required to grant first-ranking security over all or substantially all of their assets to secure the payment of all sums payable. In addition, the holding company of each borrower must give a share pledge over its shares in such borrower.

In addition to mandatory prepayments which must be made for certain disposal proceeds (subject to certain de minimis thresholds), the lenders may cancel their commitments and declare the loans due and payable after 30 business days following the occurrence of a change of control in respect of VMIH, subject to certain exceptions.

The VM Credit Facility contains certain customary events of default, the occurrence of which, subject to certain exceptions and materiality qualifications, would allow the lenders to (i) cancel the total commitments, (ii) accelerate all outstanding loans and terminate their commitments thereunder and/or (iii) declare that all or part of the loans be payable on demand. The VM Credit Facility contains certain representations and warranties customary for facilities of this type, which are subject to exceptions, baskets and materiality qualifications.

The VM Credit Facility restricts the ability of certain members of the Virgin Media Borrowing Group to, among other things, (i) incur or guarantee certain financial indebtedness, (ii) make certain disposals and acquisitions and (iii) create certain security interests over their assets, in each case, subject to carve-outs from such limitations.

The VM Credit Facility requires the borrowers to observe certain affirmative undertakings or covenants, which covenants are subject to materiality and other customary and agreed exceptions. In addition, the VM Credit Facility also requires compliance with various financial covenants such as Senior Net Debt to Annualized EBITDA and Total Net Debt to Annualized EBITDA, each capitalized term as defined in the VM Credit Facility.

In addition to customary default provisions, the VM Credit Facility provides that any event of default with respect to indebtedness of £50.0 million or more in the aggregate of Virgin Media Finance, and its subsidiaries is an event of default under the VM Credit Facility.

The VM Credit Facility permits certain members of the Virgin Media Borrowing Group to make certain distributions and restricted payments to its parent company (and indirectly to Liberty Global) through loans, advances or dividends subject to compliance with applicable covenants.

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The details of our borrowings under the VM Credit Facility as of December 31, 2013 are summarized in the following table:

<u>Facility</u>	<u>Final maturity date</u>	<u>Interest rate</u>	<u>Facility amount (in borrowing currency)</u>	<u>Unused borrowing capacity (a)</u>	<u>Carrying value (b)</u>
in millions					
A .....	June 7, 2019	LIBOR +3.25%	£ 375.0	£ —	£ 375.0
B .....	June 7, 2020	LIBOR +2.75% (c)	\$ 2,755.0	—	1,655.3
C .....	June 7, 2020	LIBOR +3.75% (c)	£ 600.0	—	597.2
Revolving Facility .....	June 7, 2019	LIBOR +3.25%	£ 660.0	660.0	—
Total .....				<u>£ 660.0</u>	<u>£ 2,627.5</u>

- (a) At December 31, 2013 our availability under the VM Credit Facility was limited to £653.6 million. When the relevant December 31, 2013 compliance reporting requirements have been completed and assuming no changes from December 31, 2013 borrowing levels, we anticipate that our availability will be limited to £622.0 million. The VM Revolving Facility has a commitment fee on unused and uncanceled balances of 1.3% per year.
- (b) The carrying values of VM Facilities B and C include the impact of discounts.
- (c) VM Facilities B and C have a LIBOR floor of 0.75%.

***MergerCo Bridge Facility Agreement***

On June 5, 2013, a subsidiary of Liberty Global entered into a short-term unsecured bridge credit facility agreement as the borrower in an aggregate principal amount of approximately \$3,545.0 million (£2,281.9 million at the applicable rate) (the MergerCo Bridge Facility Agreement), with amounts borrowed applied towards paying the consideration for the LG/VM Transaction together with any related fees, costs and expenses. This facility was assumed by our company on June 7, 2013 as a part of the LG/VM Transaction.

Amounts borrowed under the MergerCo Bridge Facility Agreement were repaid on June 12, 2013 using proceeds from the issuance of the April 2021 VM Senior Secured Notes and the 2023 VM Senior Notes. There was no margin or interest payable under the MergerCo Bridge Facility Agreement. However, the lender was paid a commitment fee. The MergerCo Bridge Facility Agreement was an unsecured credit facility.

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

The pound sterling equivalents of the maturities of our debt and capital lease obligations as of December 31, 2013 are presented below:

	<u>Debt</u>	<u>Capital lease obligations</u>	<u>Total</u>
	in millions		
Year ending December 31:			
2014 .....	£ 70.9	£ 96.7	£ 167.6
2015 .....	—	68.1	68.1
2016 .....	—	38.2	38.2
2017 .....	—	10.3	10.3
2018 .....	1,478.6	2.8	1,481.4
Thereafter .....	6,542.9	145.5	6,688.4
Total debt maturities .....	8,092.4	361.6	8,454.0
Unamortized premium, net of discount .....	130.9	—	130.9
Amounts representing interest .....	—	(136.1)	(136.1)
Total debt .....	<u>£ 8,223.3</u>	<u>£ 225.5</u>	<u>£ 8,448.8</u>
Current portion .....	<u>£ 72.5</u>	<u>£ 87.0</u>	<u>£ 159.5</u>
Noncurrent portion .....	<u>£ 8,150.8</u>	<u>£ 138.5</u>	<u>£ 8,289.3</u>

***Non-cash Refinancing Transactions***

During 2013, 2012 and 2011, certain of our refinancing transactions included non-cash borrowings and repayments of debt aggregating £750.0 million, nil and £750.0 million, respectively.

**(8) Income Taxes**

Virgin Media files tax returns in the U.S. and the U.K. The income taxes of Virgin Media and its subsidiaries are presented in our financial statements based on a separate return basis for each tax-paying entity or group.

The components of our earnings (loss) from continuing operations before income taxes are as follows (in millions):

	<u>Successor</u>	<u>Predecessor</u>		
	<u>Period from June 8 to December 31, 2013</u>	<u>Period from January 1 to June 7, 2013</u>	<u>Year ended December 31, 2012</u>	<u>Year ended December 31, 2011</u>
U.S. ....	£ (56.6)	£ (68.8)	£ 45.4	£ (122.4)
U.K. ....	(233.9)	186.8	216.0	215.5
Total .....	<u>£ (290.5)</u>	<u>£ 118.0</u>	<u>£ 261.4</u>	<u>£ 93.1</u>

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Income tax benefit (expense) consists of:

	<b>Current</b>	<b>Deferred</b>	<b>Total</b>
	<b>in millions</b>		
<b>Period from June 8 to December 31, 2013:</b>			
U.S. (a) .....	£ (0.3)	£ (1.9)	£ (2.2)
U.K. ....	—	(195.3)	(195.3)
Total .....	£ (0.3)	£ (197.2)	£ (197.5)
<hr/>			
<b>Period from January 1 to June 7, 2013:</b>			
U.S. (a) .....	£ (0.9)	£ 12.8	£ 11.9
U.K. ....	—	(30.0)	(30.0)
Total .....	£ (0.9)	£ (17.2)	£ (18.1)
<b>Year ended December 31, 2012 (b):</b>			
U.S. (a) .....	£ (0.6)	£ 103.4	£ 102.8
U.K. ....	0.1	2,549.1	2,549.2
Total .....	£ (0.5)	£ 2,652.5	£ 2,652.0
<b>Year ended December 31, 2011:</b>			
U.S. (a) .....	£ (1.0)	£ 3.2	£ 2.2
U.K. ....	5.1	(23.3)	(18.2)
Total .....	£ 4.1	£ (20.1)	£ (16.0)

(a) Includes federal and state income taxes. Our U.S. state income taxes were not material during any of the years presented.

(b) As retrospectively revised — see note 2.

Income tax benefit (expense) attributable to our earnings (loss) from continuing operations before income taxes differs from the amounts computed using the U.S. federal income tax rate of 35%, as a result of the following (in millions):

	<b>Successor</b>	<b>Predecessor</b>		
	<b>Period from June 8 to December 31, 2013</b>	<b>Period from January 1 to June 7, 2013</b>	<b>Year ended December 31, 2012 (a)</b>	<b>Year ended December 31, 2011</b>
Computed “expected” tax benefit (expense) .....	£ 101.7	£ (41.3)	£ (91.5)	£ (32.6)
Enacted tax law and rate changes (b) .....	(227.1)	—	—	—
Change in valuation allowances (c) .....	(28.8)	(29.8)	2,675.7	78.1
Non-deductible or non-taxable interest and other expenses .....	8.9	31.9	52.8	(31.8)
Basis and other differences in the treatment of items associated with investments in subsidiaries .....	(38.6)	—	(7.2)	(23.4)
International rate differences (d) .....	(13.1)	22.0	22.8	(5.7)
Other, net .....	(0.5)	(0.9)	(0.6)	(0.6)
Total .....	£ (197.5)	£ (18.1)	£ 2,652.0	£ (16.0)

(a) As retrospectively revised — see note 2.

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- (b) During the first quarter of 2013, it was announced that the U.K. corporate income tax rate will change to 21% in April 2014 and 20% in April 2015. This change in law was enacted in July 2013, and accordingly, the amount presented for 2013 reflects the impact of these future rate changes.
- (c) The 2012 amount primarily relates to the reversal of valuation allowances on certain of our U.K. deferred tax assets as these tax assets were deemed realizable in the period. The reversal of the valuation allowance is attributable to the accumulation of positive evidence on the realizability of these deferred tax assets, including (i) pre-tax income generated for the each of the two years ended December 31, 2012, (ii) capital allowances and net operating losses that do not expire, (iii) improved financial performance and (iv) our then forecasted projections of future taxable income, which, as of the fourth quarter of 2012, outweighed the negative evidence, which was primarily a history of taxable losses in periods prior to 2011.
- (d) Amounts reflect statutory rates in the U.K., which are lower than the U.S. federal income tax rate.

The current and non-current components of our deferred tax assets (liabilities) are as follows (in millions):

	<b>Successor</b>	<b>Predecessor</b>
	<b>December 31, 2013</b>	<b>December 31, 2012 (a)</b>
Current deferred tax assets (b) . . . . .	£ 29.1	£ 58.1
Non-current deferred tax assets . . . . .	1,407.4	2,641.7
Non-current deferred tax liabilities (b) . . . . .	(81.5)	—
Net deferred tax asset . . . . .	<u>£ 1,355.0</u>	<u>£ 2,699.8</u>

- (a) As retrospectively revised — see note 2.
- (b) Our current deferred tax assets are included in other current assets and our non-current deferred tax liabilities are included in other long-term liabilities in our consolidated balance sheets.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are presented below (in millions):

	<b>Successor</b>	<b>Predecessor</b>
	<b>December 31, 2013</b>	<b>December 31, 2012 (a)</b>
<b>Deferred tax assets:</b>		
Net operating loss . . . . .	£ 660.6	£ 702.4
Capital loss carryforwards . . . . .	2,422.6	2,786.1
Debt . . . . .	152.8	—
Property and equipment, net . . . . .	1,931.6	2,176.0
Other future deductible amounts . . . . .	52.2	78.8
Deferred tax assets . . . . .	<u>5,219.8</u>	<u>5,743.3</u>
Valuation allowance . . . . .	(2,866.6)	(2,932.9)
Deferred tax assets, net of valuation allowance . . . . .	<u>2,353.2</u>	<u>2,810.4</u>
<b>Deferred tax liabilities:</b>		
Property and equipment, net . . . . .	(427.2)	(83.2)
Intangible assets . . . . .	(559.2)	—
Other future taxable amounts . . . . .	(11.8)	(27.4)
Deferred tax liabilities . . . . .	<u>(998.2)</u>	<u>(110.6)</u>
Net deferred tax asset . . . . .	<u>£ 1,355.0</u>	<u>£ 2,699.8</u>

- (a) As retrospectively revised — see note 2.

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Our deferred income tax valuation allowance increased £36.5 million during the Predecessor period from January 1 to June 7, 2013 and decreased £102.8 million during the Successor period from June 8 to December 31, 2013. The increase during the Predecessor period from January 1 to June 7, 2013 reflects the effect of (i) the net tax expense related to our continuing operations of £29.8 million and (ii) other individually insignificant items. The decrease during the Successor period from June 8 to December 31, 2013 reflects the net effect of (i) changes in our corporate income tax rate, (ii) acquisition accounting associated with the LG/VM Transaction, (iii) the net tax expense related to our continuing operations of £28.8 million and (iv) other individually insignificant items.

At December 31, 2013, we had property and equipment on which future U.K. tax deductions can be claimed of £13.4 billion. The maximum amount of these “capital allowances” that can be claimed in any one year is 18% of the remaining balance, after additions, disposals and prior claims. The tax effects of these capital allowances are included in the 2013 deferred tax assets related to property and equipment, net, in the above table.

At December 31, 2013, our excess tax benefits aggregated £12.5 million. These excess tax benefits, which represent tax deductions in excess of the financial reporting expense for share-based compensation, will not be recognized for financial reporting purposes until such time as these tax benefits can be realized as a reduction of income taxes payable. The tax effect of these excess tax benefits are not included in the above table.

The significant components of our tax loss carryforwards and related tax assets at December 31, 2013 are as follows:

<u>Country</u>	<u>Net operating loss (a)</u>	<u>Related tax asset</u>	<u>Expiration date</u>
	in millions		
U.K. ....	£ 1,473.0	£ 294.6	Indefinite
U.S. ....	1,030.9	366.0	2019-2033
Total .....	<u>£ 2,503.9</u>	<u>£ 660.6</u>	

(a) The U.S. amount is calculated by dividing the related tax asset by the assumed blended rate for our combined federal and state net operating losses of 35.5%

Our tax loss carryforwards within each jurisdiction (both capital and ordinary losses) are limited. Certain tax jurisdictions limit the ability to offset taxable income of a separate company or different tax group with the tax losses associated with another separate company or group.

We intend to indefinitely reinvest earnings from certain non-U.S. subsidiaries except to the extent the earnings are subject to current income taxes. At December 31, 2013, income and withholding taxes for which a net deferred tax liability might otherwise be required have not been provided on an estimated £4.3 billion of cumulative temporary differences (including, for this purpose, any difference between the aggregate tax basis in stock of a consolidated subsidiary and the corresponding amount of the subsidiary’s net equity determined for financial reporting purposes) on non-U.S. subsidiaries. The determination of the additional withholding tax that would arise upon a reversal of temporary differences is subject to offset by available foreign tax credits, subject to certain limitations, and it is impractical to estimate the amount of withholding tax that might be payable.

In general, a U.K. or U.S. corporation may claim a foreign tax credit against its 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. Limitations on the ability to claim a foreign tax credit and the inability to offset losses in one jurisdiction against income earned in another jurisdiction could result in a high effective tax rate on our earnings. Since substantially all of our revenue is generated outside the U.S., these risks are greater for us than for companies that generate most of their revenue in the U.S.

Through our subsidiaries, we maintain a significant presence in the U.K. The U.K. maintains a highly complex tax regime that differs significantly from the system of income taxation used in the U.S. We have

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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 reasonable interpretations of these laws.

We comply with taxation legislation and are subject to audit by tax authorities in all jurisdictions in which we operate. Although we expect that the tax amounts presented are reasonable, there is no assurance that the final determination of tax audits or tax disputes will not be different from what is reflected in our recorded income tax provisions.

We and our subsidiaries file consolidated and standalone income tax returns in the U.S. and U.K. In the normal course of business, our income tax filings are subject to review by various taxing authorities. 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. Such disputes may result in future tax and interest and penalty assessments by these taxing authorities. The ultimate resolution of tax contingencies will take place upon the earlier of (i) the settlement date with the applicable taxing authorities in either cash or agreement of income tax positions or (ii) the date when the tax authorities are statutorily prohibited from adjusting the company's tax computations.

Tax returns filed by our company or our subsidiaries for years prior to 2008 are no longer subject to examination by tax authorities.

The changes in our unrecognized tax benefits are summarized below (in millions):

	Successor	Predecessor		
	Period from June 8 to December 31, 2013	Period from January 1 to June 7, 2013	Year ended December 31, 2012	Year ended December 31, 2011
Balance at beginning of period . . . . .	£ 8.3	£ 7.9	£ 10.2	£ 9.9
Reductions for tax positions of prior years . . . . .	(0.6)	—	(0.3)	—
Additions based on tax positions related to the current year . . . . .	—	0.4	—	0.3
Lapse of statute of limitations . . . . .	—	—	(1.7)	—
Foreign currency translation . . . . .	—	—	(0.3)	—
Balance at end of period . . . . .	£ 7.7	£ 8.3	£ 7.9	£ 10.2

No assurance can be given that any of these tax benefits will be recognized or realized.

As of December 31, 2013, our unrecognized tax benefits did not include any tax benefits that would have a favorable impact on our effective income tax rate if ultimately recognized, after considering amounts that we would expect to be offset by valuation allowances.

We do not expect that any changes in our unrecognized tax benefits during 2014 will have a material impact on our unrecognized tax benefits. No assurance can be given as to the nature or impact of any changes in our unrecognized tax positions during 2014.

**(9) Equity**

On June 7, 2013, as a result of the LG/VM Transaction, all of Old Virgin Media's issued share capital was cancelled with the holders becoming entitled to receive the LG/VM Transaction Consideration of \$17.50 and 0.2582 Class A ordinary shares in Liberty Global and 0.1928 Class C ordinary shares in Liberty Global. Virgin Media has 111 shares of common stock outstanding.

During the 2013 Successor period, we received capital contributions of £2,343.2 million comprising (i) a cash contribution of £2,290.6 million (equivalent at the transaction date) that was used to repay amounts

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outstanding under the MergerCo Bridge Facility Agreement, (ii) a non-cash contribution of £40.6 million (equivalent at the transaction date) related to certain deferred financing costs and (iii) a non-cash contribution of £12.0 million (equivalent at the transaction date) relating to the transfer of shares of Old Virgin Media held in a trust to a trust consolidated by Liberty Global in exchange for a note. For additional information, see note 11.

In addition, during the fourth quarter of 2013, we received cash consideration of £987.4 million from Lynx Europe 2 Limited (Lynx Europe 2), our immediate parent, in exchange for 11 additional shares of our common stock. The proceeds from the issuance of these shares were used to repay a demand note owed to Liberty Global for the Liberty Global ordinary shares that were used, together with cash consideration, to settle the exchanged VM Convertible Notes. For additional information, see note 7.

During 2012 and 2011, Old Virgin Media's board of directors authorized various stock repurchase programs. Under these plans, we received authorization to acquire up to the specified amount of Old Virgin Media common stock from time to time through open market or privately negotiated transactions. These stock repurchase programs were cancelled during 2013 as a result of the LG/VM Transaction. During the 2013 Predecessor period, we did not issue or repurchase any common stock.

The following table provides details of our common stock repurchases during 2012 and 2011:

<u>Shares purchased pursuant to repurchase programs during:</u>	<u>Shares purchased</u>	<u>Average price paid per share (a)</u>	<u>Total cost (a)</u>
			<u>in millions</u>
2012 .....	20,478,287	\$ 25.39	\$ 519.9
2011 .....	40,851,840	\$ 25.03	\$ 1,022.5

(a) Includes direct acquisition costs and the effects of derivative instruments, where applicable. The pound sterling equivalent (at the applicable exchange rates) of the total cost of the shares repurchased during 2012 and 2011 are £330.2 million and £635.0 million, respectively.

During the period from January 1 to June 7, 2013, and the years ended December 31, 2012 and 2011, we paid the following dividends:

<u>Board declaration date</u>	<u>Per share</u>	<u>Record date</u>	<u>Payment date</u>	<u>Total amount</u>
				<u>in millions</u>
Year ended December 31, 2011:				
March 4, 2011 .....	\$ 0.04	March 14, 2011	March 24, 2011	£ 8.0
May 16, 2011 .....	\$ 0.04	June 13, 2011	June 23, 2011	£ 7.8
August 31, 2011 .....	\$ 0.04	September 12, 2011	September 22, 2011	£ 7.9
November 15, 2011 .....	\$ 0.04	December 12, 2011	December 22, 2011	£ 7.4
Year ended December 31, 2012:				
February 17, 2012 .....	\$ 0.04	March 12, 2012	March 22, 2012	£ 7.0
May 23, 2012 .....	\$ 0.04	June 12, 2012	June 22, 2012	£ 7.1
August 21, 2012 .....	\$ 0.04	September 11, 2012	September 21, 2012	£ 6.6
November 16, 2012 .....	\$ 0.04	December 11, 2012	December 21, 2012	£ 6.6
Period from January 1 to June 7, 2013:				
February 5, 2013 .....	\$ 0.04	March 12, 2013	March 22, 2013	£ 7.1
April 29, 2013 .....	\$ 0.04	May 9, 2013	May 20, 2013	£ 7.1

**(10) Share-based Compensation**

Our share-based compensation expense after the LG/VM Transaction represents amounts allocated to our company by Liberty Global. The amounts allocated by Liberty Global to our company represent share-based compensation associated with the Liberty Global share-based incentive awards held by certain employees of our



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subsidiaries. Share-based compensation expense allocated to our company by Liberty Global is reflected as an increase to shareholder's equity and is offset by any amounts recharged to us by Liberty Global, as further described in note 11. Share-based compensation expense prior to the LG/VM Transaction includes amounts for options, shares and performance shares related to the common stock of Old Virgin Media. Incentive awards are denominated in U.S. dollars. As discussed in note 1, the Liberty Global share and share-based amounts set forth below have not been adjusted to give effect to the 2014 Share Dividend.

The following table summarizes our share-based compensation expense, which is included in SG&A expense in our consolidated statements of operations (in millions):

	Successor	Predecessor		
	Period from June 8 to December 31, 2013	Period from January 1 to June 7, 2013	Year ended December 31, 2012	Year ended December 31, 2011
Performance-based incentive awards . . . . .	£ 3.0	£ 10.0	£ 7.2	£ 10.7
Other share-based incentive awards . . . . .	82.5	12.1	18.6	16.3
Total (a) . . . . .	£ 85.5	£ 22.1	£ 25.8	£ 27.0

(a) In connection with the LG/VM Transaction, the Virgin Media Replacement Awards (as defined and described below) were remeasured as of June 7, 2013, resulting in an aggregate estimated fair value attributable to the post-transaction period of £123.8 million. During the 2013 period following the LG/VM Transaction, £51.1 million of the June 7, 2013 estimated fair value of the Virgin Media Replacement Awards was charged to expense in recognition of the Virgin Media Replacement Awards that were fully vested on June 7, 2013 or for which vesting was accelerated pursuant to the terms of the LG/VM Transaction Agreement on or prior to December 31, 2013. The remaining June 7, 2013 estimated fair value will be amortized over the remaining service periods of the unvested Virgin Media Replacement Awards, subject to forfeitures and the satisfaction of performance conditions.

The following table provides certain information related to share-based compensation not yet recognized for share incentive awards held by Virgin Media employees related to Liberty Global ordinary shares as of December 31, 2013:

	Liberty Global ordinary shares (a)	Liberty Global performance- based awards
Total compensation expense not yet recognized (in millions) . . . . .	£ 39.4	£ 10.3
Weighted average period remaining for expense recognition (in years) . . . . .	1.8	2.1

(a) Amounts relate to awards granted or assumed by Liberty Global under (i) the Virgin Media Inc. 2010 Stock Incentive Plan (as amended and restated effective June 7, 2013) (the VM Incentive Plan), (ii) certain other incentive plans of our company pursuant to which awards may no longer be granted, and (iii) certain other incentive plans of Liberty Global as further described below.

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The following table summarizes certain information related to the incentive awards granted or remeasured and exercised by employees of our subsidiaries with respect to Liberty Global ordinary shares during the Successor period and Old Virgin Media common stock during the Predecessor period:

	Successor	Predecessor		
	Period from June 8 to December 31, 2013	Period from January 1 to June 7, 2013	Year ended December 31, 2012	Year ended December 31, 2011
Assumptions used to estimate fair value of options, SARs and performance-based share appreciation rights (PSARs) granted:				
Risk-free interest rate . . . . .	0.78% - 1.19%	0.40% - 1.42%	0.31% - 1.27%	0.13% - 2.97%
Expected life (a) . . . . .	0.4 - 4.6 years	3.0 - 7.3 years	2.9 - 6.9 years	0.8 - 7.7 years
Expected volatility (a) . . . . .	23.6% - 32.6%	31.1% - 50.9%	36.5% - 60.2%	34.3% - 69.5%
Expected dividend yield . . . . .	none	0.41% - 0.50%	0.65% - 0.69%	0.52% - 0.68%
Weighted average grant-date fair value per share awards granted:				
Options . . . . .	\$ 45.64	\$ 29.13	\$ 9.95	\$ 10.44
SARs . . . . .	\$ 15.57	\$ —	\$ —	\$ —
PSARs . . . . .	\$ 16.67	\$ —	\$ —	\$ —
Restricted share units				
(RSUs) . . . . .	\$ 73.81	\$ 39.39	\$ 24.44	\$ 19.81
Performance-based share units				
(PSUs) . . . . .	\$ 68.08	\$ 39.66	\$ 24.46	\$ 20.67
Total intrinsic value of options exercised (in millions) . . . . .	£ 97.1	£ 57.0	£ 27.2	£ 31.1
Cash received by Liberty Global during the Successor period and Old Virgin Media during the Predecessor period from exercise of options (in millions) . . . . .	£ 47.8	£ 26.7	£ 18.1	£ 31.9
Income tax benefit related to share-based compensation (in millions) . . . . .	£ 13.8	£ 5.9	£ 5.2	£ 2.9

(a) The 2013 ranges shown for these assumptions exclude the awards for certain former employees of Virgin Media who were expected to exercise their awards immediately or soon after the LG/VM Transaction. For these awards, the assumptions used for expected life and volatility were essentially nil.

**Share Incentive Plans — Liberty Global Ordinary Shares**

*Incentive Plans*

As of December 31, 2013, Liberty Global was authorized to grant incentive awards under the Liberty Global Incentive Plan and the VM Incentive Plan. Generally, the compensation committee of Liberty Global's board of directors may grant non-qualified share options, SARs, restricted shares, RSUs, cash awards, performance awards or any combination of the foregoing under any of the incentive plans (collectively, awards). Ordinary shares issuable pursuant to awards made under these incentive plans will be made available from either authorized but unissued shares or shares that have been issued but reacquired by Liberty Global. Awards may be granted at or above fair value in any class of ordinary shares. As of December 31, 2013, the Liberty Global Incentive Plan and the VM Incentive Plan had 238,907 and 12,017,912 ordinary shares available for grant, respectively.

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In connection with the LG/VM Transaction, Liberty Global assumed the VM Incentive Plan. Awards under the VM Incentive Plan issued prior to June 7, 2013 have a ten-year term and become fully exercisable within five years of continued employment. Certain performance-based awards that were granted during the first quarter of 2013 were canceled upon completion of the LG/VM Transaction. These canceled awards were subsequently replaced by PSUs that were granted under the VM Incentive Plan on June 24, 2013. For the remaining performance-based awards that were outstanding prior to June 7, 2013, the performance objectives lapsed upon the completion of the LG/VM Transaction and such awards will vest on the third anniversary of the grant date.

Awards (other than performance-based awards) under the Liberty Global Incentive Plan issued after June 2005 and under the VM Incentive Plan after June 7, 2013 generally (i) vest 12.5% on the six month anniversary of the grant date and then vest at a rate of 6.25% each quarter thereafter and (ii) expire seven years after the grant date. Restricted shares and RSUs vest on the date of the first annual meeting of Liberty Global shareholders following the grant date. These shares may be awarded at or above fair value in any class of ordinary shares.

Subsequent to December 31, 2013, Liberty Global's shareholders approved the Liberty Global 2014 Incentive Plan. Generally, the compensation committee of Liberty Global's board of directors may grant non-qualified share options, SARs, restricted shares, RSUs, cash awards, performance awards or any combination of the foregoing under this incentive plan. Ordinary shares issuable pursuant to awards made under the Liberty Global 2014 Incentive Plan will be made available from either authorized but unissued shares or shares that have been issued but reacquired by Liberty Global. Awards may be granted at or above fair value in any series of ordinary shares. The maximum number of Liberty Global shares with respect to which awards may be issued under the Liberty Global 2014 Incentive Plan is 50 million (of which no more than 25 million shares may consist of Class B ordinary shares), subject to anti-dilution and other adjustment provisions in the respective plan. As the Liberty Global 2014 Incentive Plan has now been approved by Liberty Global's shareholders, no further awards will be granted under the Liberty Global Incentive Plan or the VM Incentive Plan.

*Performance Awards*

The following is a summary of the material terms and conditions with respect to Liberty Global's performance-based awards for certain executive officers and key employees, which awards were granted under the Liberty Global Incentive Plan and the VM Incentive Plan.

*Liberty Global PSUs.* In March 2010, Liberty Global's compensation committee determined to modify the equity incentive award component of Liberty Global's executive officers' and other key employees' compensation packages, whereby a target annual equity value would be set for each executive or key employee, of which approximately two-thirds would be delivered in the form of an annual award of PSUs and approximately one-third in the form of an annual award of SARs. Each PSU represents the right to receive one Class A or Class C ordinary share, as applicable, subject to performance and vesting. Generally, the performance period for the PSUs covers a two-year period and the performance target is based on the achievement of a specified compound annual growth rate (CAGR) in a consolidated operating cash flow metric (as defined in the applicable underlying agreement), adjusted for events such as acquisitions, dispositions and changes in foreign currency exchange rates that affect comparability (OCF CAGR), and the participant's annual performance ratings during the two-year performance period. A performance range of 75% to 125% of the target OCF CAGR generally results in award recipients earning 50% to 150% of their respective PSUs, subject to reduction or forfeiture based on individual performance. The PSUs generally vest 50% on each of March 31 and September 30 of the year following the end of the performance period. During the Successor period, Liberty Global granted PSUs to certain of our executive officers and key employees.

*Liberty Global Challenge Performance Awards.* Effective June 24, 2013, Liberty Global's compensation committee approved a challenge performance award plan for certain executive officers and key employees (the Challenge Performance Awards), which consisted solely of PSARs for Liberty Global's senior executive officers and a combination of PSARs and PSUs for other executive officers and key employees. Each PSU represents the right to receive one Class A ordinary share or one Class C ordinary share of Liberty Global, as applicable, subject to performance and vesting. The performance criteria for the Challenge Performance Awards will be based on the participant's performance and achievement of individual goals in each of the years 2013, 2014 and 2015. Subject

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to forfeitures and the satisfaction of performance conditions, 100% of each participant's Challenge Performance Awards will vest on June 24, 2016. The PSARs have a term of seven years and base prices equal to the respective market closing prices of the applicable class on the grant date. During the Successor period, Liberty Global granted PSARs to certain of our executive officers.

*Virgin Media Incentive Awards*

Equity awards were granted to certain of our employees prior to the LG/VM Transaction under certain incentive plans maintained and administered by our company and no new grants will be made under these incentive plans. The equity awards granted include stock options, restricted shares, RSUs and performance awards. In accordance with the terms of the LG/VM Transaction, Liberty Global issued Liberty Global share-based incentive awards (Virgin Media Replacement Awards) to employees and former directors of our company in exchange for corresponding Old Virgin Media awards.

The following tables summarize the share-based award activity during the twelve months ended December 31, 2013:

	Number of shares	Weighted average exercise price	Weighted average remaining contractual term in years	Aggregate intrinsic value in millions
<b>Options — Old Virgin Media</b>				
Outstanding at January 1, 2013 .....	11,842,974	\$ 18.75		
Granted .....	1,070,934	\$ 37.87		
Cancelled .....	(318,263)	\$ 21.93		
Exercised .....	(2,732,654)	\$ 16.43		
Outstanding at June 7, 2013 .....	<u>9,862,991</u>	<u>\$ 21.36</u>		
<b>Options — Liberty Global Class A ordinary shares</b>				
Issued in exchange for Old Virgin Media				
options on June 7, 2013 .....	3,934,574	\$ 31.16		
Cancelled .....	(144,329)	\$ 52.78		
Exercised .....	(1,753,245)	\$ 27.96		
Transfers .....	(16,390)	\$ 43.38		
Outstanding at December 31, 2013 (a) .....	<u>2,020,610</u>	<u>\$ 32.30</u>	<u>6.9</u>	<u>\$ 114.6</u>
Exercisable at December 31, 2013 .....	<u>981,259</u>	<u>\$ 26.64</u>	<u>5.7</u>	<u>\$ 61.2</u>
<b>Options — Liberty Global Class C ordinary shares</b>				
Issued in exchange for Old Virgin Media				
options on June 7, 2013 .....	2,935,250	\$ 27.16		
Cancelled .....	(107,690)	\$ 48.77		
Exercised .....	(1,341,102)	\$ 24.52		
Transfers .....	(12,235)	\$ 42.35		
Outstanding at December 31, 2013 (a) .....	<u>1,474,223</u>	<u>\$ 27.86</u>	<u>7.1</u>	<u>\$ 83.2</u>
Exercisable at December 31, 2013 .....	<u>699,443</u>	<u>\$ 21.50</u>	<u>6.0</u>	<u>\$ 43.9</u>

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- (a) The pound sterling equivalent amounts for aggregate intrinsic value for outstanding Liberty Global Class A ordinary share options and outstanding Liberty Global Class C ordinary share options are £69.2 million and £50.2 million, respectively.

	Number of shares	Weighted average base price	Weighted average remaining contractual term in years	Aggregate intrinsic value in millions
<b>PSARs — Liberty Global Class A Ordinary shares</b>				
Outstanding at June 7, 2013	—	\$ —		
Granted	353,750	\$ 71.16		
Forfeited	(86,252)	\$ 69.70		
Outstanding at December 31, 2013 (a)	267,498	\$ 71.63	6.5	\$ 4.6
Exercisable at December 31, 2013	—	\$ —	—	\$ —
<b>PSARs — Liberty Global Class C Ordinary shares</b>				
Outstanding at June 7, 2013	—	\$ —		
Granted	353,750	\$ 66.96		
Forfeited	(86,252)	\$ 65.56		
Outstanding at December 31, 2013 (a)	267,498	\$ 67.41	6.5	\$ 4.5
Exercisable at December 31, 2013	—	\$ —	—	\$ —

- (a) The pound sterling equivalent amounts for aggregate intrinsic value for outstanding Liberty Global Class A PSARs and outstanding Liberty Global Class C PSARs are £2.8 million and £2.7 million, respectively.

	Number of shares	Weighted average grant-date fair value per share	Weighted average remaining contractual term in years
<b>PSUs — Old Virgin Media</b>			
Outstanding at January 1, 2013	2,408,426	\$ 22.40	
Granted	632,762	\$ 39.66	
Forfeited	(251,936)	\$ 22.59	
Released from restrictions	(14,964)	\$ 24.08	
Outstanding at June 7, 2013 (a)	2,774,288	\$ 26.31	
<b>PSUs — Liberty Global Class A ordinary shares</b>			
Outstanding at June 7, 2013	—	\$ —	
Granted	164,412	\$ 69.90	
Forfeited	(75,273)	\$ 69.70	
Released from restrictions	(6,580)	\$ 40.75	
Transfers	27,012	\$ 55.78	
Outstanding at December 31, 2013	109,571	\$ 68.31	1.7

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	Number of shares	Weighted average grant-date fair value per share	Weighted average remaining contractual term in years
<b>PSUs — Liberty Global Class C ordinary shares</b>			
Outstanding at June 7, 2013	—	\$ —	
Granted	134,258	\$ 65.81	
Forfeited	(58,607)	\$ 65.56	
Released from restrictions	(6,580)	\$ 39.21	
Transfers	27,012	\$ 53.00	
Outstanding at December 31, 2013	<u>96,083</u>	<u>\$ 64.19</u>	<u>1.7</u>

- (a) In connection with the LG/VM Transaction, 419,717 of these PSUs were cancelled and the remaining 2,354,571 PSUs were exchanged for 790,087 Liberty Global Class A RSUs and 589,595 Liberty Global Class C RSUs.

	Number of shares	Weighted average grant-date fair value per share	Weighted average remaining contractual term in years
<b>RSUs — Old Virgin Media</b>			
Outstanding at January 1, 2013	1,781,742	\$ 15.64	
Granted	50,101	\$ 39.39	
Forfeited	(578,801)	\$ 15.34	
Released from restrictions	(858,701)	\$ 14.10	
Outstanding at June 7, 2013 (a)	<u>394,341</u>	<u>\$ 22.43</u>	

**RSUs — Liberty Global Class A ordinary shares**

Issued in exchange for Old Virgin Media PSUs and RSUs on June 7, 2013	900,408	\$ 76.24	
Granted	8,334	\$ 69.70	
Forfeited	(31,038)	\$ 76.24	
Released from restrictions	(411,356)	\$ 76.21	
Transfers	(13,261)	\$ 78.92	
Outstanding at December 31, 2013	<u>453,087</u>	<u>\$ 76.06</u>	<u>7.8</u>

**RSUs — Liberty Global Class C ordinary shares**

Issued in exchange for Old Virgin Media PSUs and RSUs on June 7, 2013	671,923	\$ 71.51	
Granted	8,334	\$ 65.56	
Forfeited	(23,159)	\$ 71.51	
Released from restrictions	(307,078)	\$ 71.48	
Transfers	(9,457)	\$ 75.00	
Outstanding at December 31, 2013	<u>340,563</u>	<u>\$ 71.30</u>	<u>7.8</u>

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(a) In connection with the LG/VM Transaction, 394,341 RSUs were exchanged for 110,321 Liberty Global Class A RSUs and 82,328 Liberty Global Class C RSUs.

	<u>Number of shares</u>	<u>Weighted average base price</u>	<u>Weighted average remaining contractual term</u> in years	<u>Aggregate intrinsic value</u> in millions
<b>SARs — Liberty Global Class A ordinary shares</b>				
Outstanding at June 7, 2013	—	\$ —		
Granted	17,632	\$ 80.67		
Transfers	78,199	\$ 49.97		
Outstanding at December 31, 2013	<u>95,831</u>	<u>\$ 55.62</u>	<u>5.2</u>	<u>\$ 3.2</u>
Exercisable at December 31, 2013	<u>36,859</u>	<u>\$ 40.38</u>	<u>4.2</u>	<u>\$ 1.8</u>
<b>SARs — Liberty Global Class C ordinary shares</b>				
Outstanding at June 7, 2013	—	\$ —		
Granted	17,632	\$ 76.52		
Transfers	78,199	\$ 47.47		
Outstanding at December 31, 2013	<u>95,831</u>	<u>\$ 52.81</u>	<u>5.2</u>	<u>\$ 3.0</u>
Exercisable at December 31, 2013	<u>36,859</u>	<u>\$ 38.74</u>	<u>4.2</u>	<u>\$ 1.7</u>

**(11) Related-Party Transactions**

Our related-party transactions are as follows (in millions):

	<u>Successor</u>	<u>Predecessor</u>		
	<u>Period from June 8 to December 31, 2013</u>	<u>Period from January 1 to June 7, 2013</u>	<u>Year ended December 31, 2012</u>	<u>Year ended December 31, 2011</u>
Allocated share-based compensation expense	£ (85.5)	£ —	£ —	£ —
Interest expense	(5.8)	—	—	—
Interest income	107.0	—	—	—
Included in net earnings (loss)	<u>£ 15.7</u>	<u>£ —</u>	<u>£ —</u>	<u>£ —</u>

*Allocated share-based compensation expense.* As further described in note 10, Liberty Global allocates share-based compensation expense to our company.

*Interest expense.* Related-party interest expense relates to a related-party note with LGI in connection with the LG/VM Transaction, which bore interest at a rate of 7.5%. During the Successor period, repayments were made on the note aggregating £832.3 million and, as of December 31, 2013, the note was fully repaid.

*Interest income.* These amounts relate to related-party notes as further described below.

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The following table provides details of our related-party balances (in millions):

	<u>Successor</u>	<u>Predecessor</u>
	<u>December 31,</u>	<u>December 31,</u>
	<u>2013</u>	<u>2012</u>
Receivables (a) .....	£ 88.1	£ —
Long-term notes receivable (b) .....	2,373.5	—
Total .....	<u>£ 2,461.6</u>	<u>£ —</u>
Other payables (c) (d) .....	<u>£ 87.6</u>	<u>£ —</u>

(a) Represents (i) employee withholding taxes collected by LGI on our behalf of £43.3 million (equivalent), (ii) accrued interest on Virgin Media Finco Limited's notes receivable from Lynx Europe 2 of £40.2 million (equivalent) and (iii) certain receivables from other Liberty Global subsidiaries arising in the normal course of business. The accrued interest is payable semi-annually on April 15 and October 15 and may be cash settled or, if mutually agreed, loan settled. The withholding taxes and other receivables are settled periodically.

(b) Represents:

(i) notes receivable from Lynx Europe 2 that are owed to our subsidiary, Virgin Media Finco Limited. At December 31, 2013, these notes, which mature on April 15, 2023, had an aggregate principal balance of £2,297.3 million and bore interest at a rate of 8.5%. During the fourth quarter of 2013, a portion of these notes (£947.3 million) was redenominated from U.S. dollars to pound sterling. The net increase during the period from June 8 to December 31, 2013 primarily relates to a cash loan of £2,290.6 million (equivalent at the transaction date) and a non-cash loan relating to deferred financing costs of £40.6 million (equivalent at the transaction date) that were paid by us on behalf of Lynx Europe 2 and reflected as an increase to the loan balance. Lynx Europe 2 subsequently contributed the amount related to the deferred financing costs to us. These increases were somewhat offset by declines from foreign exchange rate movements. The cash loan funded a transaction that occurred shortly after the LG/VM Transaction date, whereby a subsidiary of Liberty Global contributed cash to Virgin Media that was subsequently used to repay amounts outstanding under the MergerCo Bridge Facility Agreement;

(ii) a note receivable from Lynx Europe 2 that is owed to us. At December 31, 2013, this note, which matures on or before April 15, 2023, had a principal balance of \$107.5 million (£64.9 million) and bore interest at a rate of 7.875%; and

(iii) a note receivable with Liberty Global. At December 31, 2013, this note, which matures on April 6, 2018, had a principal balance of £11.3 million and bore interest at a rate of 1.22%. This note receivable originated as a result of a non-cash transaction on the date of the LG/VM Transaction that resulted in a corresponding increase to our additional paid-in capital. This non-cash transaction involved the transfer of shares of Old Virgin Media held in a trust to a trust consolidated by Liberty Global in exchange for this note.

(c) Represents (i) £66.0 million (equivalent) arising from capital charges from LGI, as described in note (d) below, (ii) £16.3 million (equivalent) related to deferred financing costs paid by LGI on our behalf and (iii) certain payables to other Liberty Global subsidiaries arising in the normal course of business. The payables related to the capital charges and deferred financing costs are settled periodically. None of these payables are currently interest bearing. In addition, we repaid a \$1,615.5 million (£987.4 million at the transaction date) demand note to Liberty Global during the fourth quarter of 2013. This note, which did not bear interest, arose from the settlement of the VM Convertible Notes with Liberty Global ordinary shares following the LG/VM Transaction.



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- (d) During 2013, we recorded a capital charge of \$109.4 million (£69.5 million at the applicable rate) in our consolidated statement of equity in connection with the exercise of Liberty Global SARs and options and the vesting of Liberty Global restricted share awards held by employees of our subsidiaries. These capital charges, which we and LGI have agreed will not exceed the cumulative amount of share-based compensation allocated to our company by LGI following the LG/VM Transaction, are based on the fair value of the underlying Liberty Global shares on the exercise or vesting date, as applicable.

*Subsequent events*

Subsequent to December 31, 2013, we loaned £115.0 million to Liberty Global Incorporated Limited and €327.3 million (£272.4 million) to LGE Holdco V BV, both of which are subsidiaries of Liberty Global. The loan receivable from Liberty Global Incorporated Limited bears interest at 4.1% and matures on January 30, 2017 and the loan receivable from LGE Holdco V BV bears interest at 5.93% and matures on March 6, 2019.

**(12) Restructuring Liabilities**

A summary of changes in our restructuring liabilities during 2013 is set forth in the table below:

	<b>Employee severance and termination</b>		<b>Office closures</b>		<b>Contract termination and other</b>		<b>Total</b>	
	<b>in millions</b>							
<b>Predecessor:</b>								
Restructuring liability as of January 1, 2013 .....	£	—	£	16.3	£	—	£	16.3
Restructuring charges .....		—		0.5		—		0.5
Cash paid .....		—		(1.8)		—		(1.8)
Restructuring liability as of June 7, 2013 .....	£	—	£	15.0	£	—	£	15.0
<b>Successor:</b>								
Restructuring liability as of June 7, 2013 .....	£	—	£	15.0	£	—	£	15.0
Restructuring charges (a) .....		29.1		(0.2)		3.8		32.7
Cash paid .....		(23.7)		(7.7)		(1.9)		(33.3)
Other .....		(0.1)		0.4		(1.7)		(1.4)
Restructuring liability as of December 31, 2013 (b) .....	£	5.3	£	7.5	£	0.2	£	13.0

- (a) Our restructuring costs relate to certain organizational and staffing changes that we implemented during the Successor period, primarily in connection with our ongoing integration with Liberty Global. As the integration process continues, we expect that we will record additional restructuring charges in 2014.
- (b) Our December 31, 2013 restructuring liability is included in our current liabilities.

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A summary of changes in our restructuring liabilities during 2012 is set forth in the table below:

	<b>Employee severance and termination</b>	<b>Office closures</b>	<b>Contract termination and other</b>	<b>Total</b>
	in millions			
Predecessor:				
Restructuring liability as of January 1, 2012 . . . .	£ 2.0	£ 30.0	£ 2.9	£ 34.9
Restructuring charges . . . . .	0.1	(4.6)	—	(4.5)
Cash paid . . . . .	(2.1)	(9.1)	(2.9)	(14.1)
Restructuring liability as of December 31, 2012 . . . . .	£ —	£ 16.3	£ —	£ 16.3
Current portion . . . . .	£ —	£ 14.6	£ —	£ 14.6
Noncurrent portion . . . . .	—	1.7	—	1.7
Total . . . . .	£ —	£ 16.3	£ —	£ 16.3

**(13) Defined Benefit Plans**

We operate two defined benefit plans in the U.K. Annual service cost for these employee benefit plans is determined using the projected unit credit actuarial method. The trustees of the plans that maintain funded plans have established investment policies for plan assets. The investment strategies are long-term in nature and designed to meet the following objectives:

- Ensure that funds are available to pay benefits as they become due;
- Maximize the total returns on plan assets subject to prudent risk taking; and
- Preserve or improve the funded status of the trusts over time.

We review the asset allocation within their respective portfolios on a regular basis. Generally, the portfolios will be rebalanced to a target allocation when an individual asset class approaches its minimum or maximum targeted level.

The following is a summary of the funded status of our defined benefit plans (in millions):

	<b>Successor</b>	<b>Predecessor</b>	
	<b>Period from June 8 to December 31, 2013</b>	<b>Period from January 1 to June 7, 2013</b>	<b>Year ended December 31, 2012</b>
Projected benefit obligation at beginning of period (a) . . . . .	£ 442.0	£ 431.1	£ 424.6
Service cost . . . . .	1.0	0.7	1.8
Interest cost . . . . .	11.1	7.8	20.1
Actuarial loss (gain) . . . . .	1.8	(0.8)	(0.6)
Participants' contributions . . . . .	0.2	0.1	0.3
Benefits paid . . . . .	(9.1)	(5.2)	(15.1)
Projected benefit obligation at end of period . . . . .	£ 447.0	£ 433.7	£ 431.1
Accumulated benefit obligation at end of period . . . . .	£ 443.6		£ 342.7
Fair value of plan assets at beginning of period (a) . . . . .	£ 403.0	£ 384.6	£ 381.0
Actual earnings of plan assets . . . . .	12.3	8.6	0.7
Group contributions . . . . .	13.7	9.3	17.7
Participants' contributions . . . . .	0.2	0.1	0.3
Benefits paid . . . . .	(9.1)	(5.2)	(15.1)
Fair value of plan assets at end of period . . . . .	£ 420.1	£ 397.4	£ 384.6
Net liability (b) . . . . .	£ 26.9	£ 36.3	£ 46.5

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- (a) The opening projected benefit obligation and the opening fair value of plan assets for the Successor period includes purchase accounting adjustments made in connection with the LG/VM Transaction of £8.3 million and £5.6 million, respectively. For more information regarding the LG/VM Transaction, see note 3.
- (b) The net liability related to our defined benefit plans is included in other long-term liabilities in our consolidated balance sheets.

The change in the amount of net actuarial gain (loss) not yet recognized as a component of net periodic pension costs in our consolidated statements of operations is as follows:

	<u>Before-tax amount</u>	<u>Tax benefit</u>	<u>Net-of-tax amount</u>
	<u>in millions</u>		
Predecessor:			
Balance at January 1, 2011	£ (73.5)	£ 6.6	£ (66.9)
Net actuarial loss	(20.6)	—	(20.6)
Balance at December 31, 2011	(94.1)	6.6	(87.5)
Net actuarial loss	(14.3)	3.3	(11.0)
Balance at December 31, 2012	(108.4)	9.9	(98.5)
Net actuarial gain	0.8	(0.2)	0.6
Balance at June 7, 2013	<u>£ (107.6)</u>	<u>£ 9.7</u>	<u>£ (97.9)</u>
Successor:			
Balance at June 8, 2013	£ —	£ —	£ —
Net actuarial loss	(2.0)	0.4	(1.6)
Balance at December 31, 2013	<u>£ (2.0)</u>	<u>£ 0.4</u>	<u>£ (1.6)</u>

We do not expect to record any actuarial gains or losses in our 2014 consolidated statement of operations.

The measurement dates used to determine our defined benefit plan assumptions were December 31, 2013, June 7, 2013 and December 31, 2012. The actuarial assumptions used to compute the net periodic pension cost are based on information available as of the beginning of the period, specifically market interest rates, past experience and management's best estimate of future economic conditions. Changes in these assumptions may impact future benefit costs and obligations. In computing future costs and obligations, the subsidiaries must make assumptions about such items as employee mortality and turnover, expected salary and wage increases, discount rate, expected long-term rate of return on plan assets and expected future cost increases.

The expected rates of return on the assets of the plans are the long-term rates of return the subsidiaries expect to earn on their trust assets. The rates of return are determined by the investment composition of the plan assets and the long-term risk and return forecast for each asset category. The forecasts for each asset class are generated using historical information as well as an analysis of current and expected market conditions. The expected risk and return characteristics for each asset class are reviewed annually and revised, as necessary, to reflect changes in the financial markets. To compute the expected return on plan assets, the subsidiaries apply an expected rate of return to the fair value of the plan assets.

The weighted average assumptions used in determining benefit obligations and net periodic pension cost are as follows:

	<u>December 31,</u>		
	<u>2013</u>	<u>2012</u>	<u>2011</u>
Expected rate of salary increase	3.9%	3.5%	4.0%
Discount rate	4.5%	4.8%	5.5%
Expected rate of return on plan assets	6.1%	5.4%	6.3%

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The components of net periodic pension cost recorded in our consolidated statements of operations are as follows (in millions):

	Successor	Predecessor		
	Period from June 8 to December 31, 2013	Period from January 1 to June 7, 2013	Year ended December 31, 2012	Year ended December 31, 2011
Service cost .....	£ 1.0	£ 0.7	£ 1.8	£ 1.7
Interest cost .....	11.1	7.8	20.1	21.1
Expected return on plan assets .....	(12.5)	(8.6)	(18.3)	(21.9)
Other .....	—	0.8	2.6	0.6
Net periodic pension cost .....	£ (0.4)	£ 0.7	£ 6.2	£ 1.5

The asset allocation by asset category and by fair value hierarchy level (as further described in note 5) of our plan assets is as follows:

	December 31, 2013			
	Total	Level 1	Level 2	Level 3
	in millions			
Equity securities .....	£ 138.9	£ 138.9	£ —	£ —
Debt securities .....	101.5	101.5	—	—
Insurance contract (a) .....	92.6	—	—	92.6
Hedge funds .....	80.3	71.1	9.2	—
Real estate .....	4.7	—	—	4.7
Other .....	2.1	2.1	—	—
Total .....	£ 420.1	£ 313.6	£ 9.2	£ 97.3

	December 31, 2012			
	Total	Level 1	Level 2	Level 3
	in millions			
Equity securities .....	£ 168.4	£ 168.4	£ —	£ —
Debt securities .....	100.7	100.7	—	—
Insurance contract (a) .....	90.6	—	—	90.6
Hedge funds .....	9.1	—	9.1	—
Real estate .....	5.2	—	—	5.2
Other .....	10.6	10.6	—	—
Total .....	£ 384.6	£ 279.7	£ 9.1	£ 95.8

- (a) Relates to the purchase of an insurance contract authorized by the trustee of one of our defined benefit plans. The insurance contract will pay an income stream to the plan which is expected to match all future cash outflows in respect of certain liabilities. The fair value of this insurance contract is presented as an asset of the plan and is measured based on the future cash flows to be received under the contract discounted using the same discount rate used to measure the associated liabilities.

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A reconciliation of the beginning and ending balances of our plan assets measured at fair value using Level 3 inputs is as follows (in millions):

Predecessor:

Balance at January 1, 2013 .....	£	95.8
Actual return on plan assets:		
Gains relating to assets still held at year-end .....		0.8
Purchases of investments .....		0.5
		<u>0.5</u>
Balance at June 7, 2013 .....	£	<u>97.1</u>

Successor:

Balance at June 7, 2013 .....	£	97.1
Actual return on plan assets:		
Losses relating to assets still held at year-end .....		(0.4)
Purchases of investments .....		0.6
		<u>0.6</u>
Balance at December 31, 2013 .....	£	<u>97.3</u>

The trustees of the defined benefit pension plans have in place weighted average target asset allocations of 27% equities, 21% bonds, 29% insurance contracts, 17% diversified growth funds and 6% other at December 31, 2013. As markets move relative to each other, the asset allocation may move away from the target investment strategy. Rebalancing of the assets may be carried out from time to time by the trustees.

Contributions to the respective defined benefit plans in 2014 are currently expected to aggregate £21.3 million.

As of December 31, 2013, the benefits that we currently expect to pay during the next ten years with respect to our defined benefit plans are as follows (in millions):

2014 .....	£	14.9
2015 .....	£	14.6
2016 .....	£	15.6
2017 .....	£	17.0
2018 .....	£	18.1
2019 through 2023 .....	£	105.1

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**(14) Accumulated Other Comprehensive Earnings (Loss)**

Accumulated other comprehensive earnings (loss) included in our consolidated balance sheets and statements of equity reflect the aggregate impact of foreign currency translation adjustments, unrealized gains and losses on cash flow hedges and pension related adjustments. The changes in the components of accumulated other comprehensive earnings (loss), net of taxes, are summarized as follows:

	Foreign currency translation adjustments	Unrealized losses on cash flow hedges	Pension related adjustments	Total accumulated other comprehensive earnings (loss)
	in millions			
Predecessor:				
Balance at January 1, 2011 . . . . .	£ 162.6	£ (9.2)	£ (66.9)	£ 86.5
Other comprehensive loss . . . . .	(12.7)	(23.2)	(20.6)	(56.5)
Balance at December 31, 2011 . . . . .	149.9	(32.4)	(87.5)	30.0
Other comprehensive loss . . . . .	11.3	(36.1)	(11.0)	(35.8)
Balance at December 31, 2012 . . . . .	161.2	(68.5)	(98.5)	(5.8)
Other comprehensive loss . . . . .	(9.8)	(7.6)	0.6	(16.8)
Balance at June 7, 2013 . . . . .	£ 151.4	£ (76.1)	£ (97.9)	£ (22.6)
Successor:				
Balance at June 8, 2013 (a) . . . . .	£ —	£ —	£ —	£ —
Other comprehensive earnings . . . . .	147.2	—	(1.6)	145.6
Balance at December 31, 2013 . . . . .	£ 147.2	£ —	£ (1.6)	£ 145.6

(a) As a result of the application of acquisition accounting in connection with the LG/VM Transaction, the accumulated other comprehensive loss balance was eliminated. For more information regarding the LG/VM Transaction, see note 3.

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The components of other comprehensive earnings (loss), net of taxes, are reflected in our consolidated statements of comprehensive earnings (loss). The following table summarizes the tax effects related to each component of other comprehensive earnings (loss), net of amounts reclassified to our consolidated statements of operations:

	<u>Pre-tax amount</u>	<u>Tax benefit in millions</u>	<u>Net-of-tax amount</u>
Successor:			
Period from June 8, 2013 to December 31, 2013:			
Foreign currency translation adjustments .....	£ 147.2	£ —	£ 147.2
Pension related adjustments .....	(2.0)	0.4	(1.6)
Other comprehensive earnings .....	<u>£ 145.2</u>	<u>£ 0.4</u>	<u>£ 145.6</u>
Predecessor:			
Period from January 1, 2013 to June 7, 2013:			
Foreign currency translation adjustments .....	£ (9.8)	£ —	£ (9.8)
Net unrealized gains on cash flow hedges .....	63.6	3.2	66.8
Reclassification of cash flow hedge gains to net income .....	(74.4)	—	(74.4)
Pension related adjustments .....	0.8	(0.2)	0.6
Other comprehensive loss .....	<u>£ (19.8)</u>	<u>£ 3.0</u>	<u>£ (16.8)</u>
Year ended December 31, 2012:			
Foreign currency translation adjustments .....	£ 11.3	£ —	£ 11.3
Net unrealized losses on cash flow hedges .....	(141.9)	11.6	(130.3)
Reclassification of cash flow hedge losses to net income .....	94.2	—	94.2
Pension related adjustments .....	(14.3)	3.3	(11.0)
Other comprehensive loss .....	<u>£ (50.7)</u>	<u>£ 14.9</u>	<u>£ (35.8)</u>
Year ended December 31, 2011:			
Foreign currency translation adjustments .....	£ (12.7)	£ —	£ (12.7)
Net unrealized losses on cash flow hedges .....	(24.2)	—	(24.2)
Reclassification of cash flow hedge losses to net income .....	(22.3)	23.3	1.0
Pension related adjustments .....	(20.6)	—	(20.6)
Other comprehensive loss .....	<u>£ (79.8)</u>	<u>£ 23.3</u>	<u>£ (56.5)</u>

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**(15) Commitments and Contingencies**

*Commitments*

In the normal course of business, we have entered into agreements that commit our company to make cash payments in future periods with respect to non-cancelable operating leases, programming contracts, purchases of customer premises equipment and other items. The pound sterling equivalents of such commitments as of December 31, 2013 are presented below:

	Payments due during:						Total
	2014	2015	2016	2017	2018	Thereafter	
	in millions						
Programming obligations . . . . .	£ 188.7	£ 163.0	£ 115.5	£ 47.7	£ 16.0	£ —	£ 530.9
Network and connectivity commitments . . . . .	106.8	98.1	78.9	76.5	18.9	5.0	384.2
Purchase commitments . . . . .	234.7	27.7	—	—	—	—	262.4
Operating leases . . . . .	37.6	32.2	25.5	18.9	13.1	51.7	179.0
Other commitments . . . . .	89.5	66.8	36.6	26.4	9.8	—	229.1
<b>Total . . . . .</b>	<b>£ 657.3</b>	<b>£ 387.8</b>	<b>£ 256.5</b>	<b>£ 169.5</b>	<b>£ 57.8</b>	<b>£ 56.7</b>	<b>£ 1,585.6</b>

Network and connectivity commitments include only the fixed minimum commitments associated with our mobile virtual network operator (MVNO) agreement. As such, the commitments shown in the above table may be significantly less than the actual amounts we ultimately pay in these periods.

Programming commitments consist of obligations associated with certain of our programming contracts that are enforceable and legally binding on us in that we have agreed to pay minimum fees without regard to (i) the actual number of subscribers to the programming services, (ii) whether we terminate service to a portion of our subscribers or dispose of a portion of our distribution systems or (iii) whether we discontinue our premium film or sports services. The amounts reflected in the table with respect to these contracts are significantly less than the amounts we expect to pay in these periods under these contracts. Payments to programming vendors have in the past represented, and are expected to continue to represent in the future, a significant portion of our operating costs. In this regard, during the period from June 8 to December 31, 2013, the period from January 1 to June 7, 2013, and the years ended December 31, 2012 and 2011, the programming costs incurred aggregated £307.9 million, £232.3 million, £505.9 million and £481.2 million, respectively. The ultimate amount payable in excess of the contractual minimums of our content contracts is dependent upon the number of subscribers to our service.

Purchase commitments include unconditional purchase obligations associated with commitments to purchase customer premises and other equipment that are enforceable and legally binding on us.

In addition to the commitments set forth in the table above, we have significant commitments under (i) derivative instruments and (ii) defined benefit plans and similar arrangements, pursuant to which we expect to make payments in future periods. For information concerning our derivative instruments, including the net cash paid or received in connection with these instruments during 2013, 2012 and 2011, see note 4. For information concerning our defined benefit plans, see note 13.

Rental expense under non-cancelable operating lease arrangements amounted to £24.9 million, £18.2 million, £49.8 million and £47.1 million during the period from June 8 to December 31, 2013, the period from January 1 to June 7, 2013, and the years ended December 31, 2012 and 2011, respectively. It is expected that in the normal course of business, operating leases that expire generally will be renewed or replaced by similar leases.

We have established a defined contribution benefit plan for our subsidiaries' employees. The aggregate expense for matching contributions under the various defined contribution employee benefit plans was



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£11.2 million, £7.7 million, £13.7 million and £13.6 million during the period from June 8 to December 31, 2013, the period from January 1 to June 7, 2013, and the years ended December 31, 2012 and 2011, respectively.

***Guarantees and Other Credit Enhancements***

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

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

*VAT Matters.* Our application of the VAT with respect to certain revenue generating activities has been challenged by the U.K. tax authorities. We have estimated our maximum exposure in the event of an unfavorable outcome to be £36.1 million as of December 31, 2013. No portion of this exposure has been accrued by our company as the likelihood of loss is not considered to be probable. An initial hearing on these matters took place during 2013 but was adjourned with no conclusion. Further hearings are expected to take place in September 2014.

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

We have security accreditations across a range of B2B products and services in order to increase our offerings to public sector organizations in the U.K. These accreditations are granted subject to periodic reviews of our policies and procedures by U.K. governmental authorities. We are currently undergoing a review of one of our most significant accreditations. If we were to fail to maintain an accreditation or to obtain a new one when required, it could impact our ability to provide certain offerings to the public sector.

*Other.* In addition to the foregoing items, we have contingent liabilities related to matters arising in the ordinary course of business including (i) legal proceedings, (ii) issues involving VAT, wage, property and other tax issues and (iii) disputes over interconnection, programming, and copyright fees. While we generally expect that the amounts required to satisfy these contingencies will not materially differ from any estimated amounts we have accrued, no assurance can be given that the resolution of one or more of these contingencies will not result in a material impact on our results of operations, cash flows or financial position in any given period. Due, in general, to the complexity of the issues involved and, in certain cases, the lack of a clear basis for predicting outcomes, we cannot provide a meaningful range of potential losses or cash outflows that might result from any unfavorable outcomes.

**(16) Segment Reporting**

During the third quarter of 2013, we determined that our business now comprises a single operating segment. Prior to the third quarter of 2013, we had disclosed two reportable segments, consisting of the consumer segment and the business segment. This change in segment reporting reflects changes in how our new chief operating decision maker reviews the results of our business. Following the LG/VM Transaction, segment information for all periods presented has been restated to reflect this change.

We operate in one geographical area, the U.K., within which we provide digital cable, broadband internet, fixed-line telephony and mobile services to residential and/or business customers.

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Our revenue by major category is set forth below (in millions):

	Successor		Predecessor		
		Period from June 8 to December 31, 2013	Period from January 1 to June 7, 2013	Year ended December 31, 2012	Year ended December 31, 2011
Subscription revenue:					
Digital cable . . . . .	£	553.1	£ 423.6	£ 886.9	£ 819.9
Broadband internet . . . . .		494.0	377.8	800.3	729.0
Fixed-line telephony . . . . .		546.1	433.2	998.3	1,029.5
Cable subscription revenue (a) . . . . .		1,593.2	1,234.6	2,685.5	2,578.4
Mobile (b) . . . . .		252.8	187.5	437.9	428.9
Total subscription revenue . . . . .		1,846.0	1,422.1	3,123.4	3,007.3
B2B revenue . . . . .		330.1	275.0	670.3	637.5
Other revenue (c) . . . . .		134.1	113.1	306.8	347.0
Total revenue . . . . .	£	2,310.2	£ 1,810.2	£ 4,100.5	£ 3,991.8

- (a) Cable subscription revenue includes amounts received from subscribers for ongoing services, excluding installation fees, mobile services revenue and late fees. Subscription revenue from subscribers who purchase bundled services at a discounted rate is generally allocated proportionally to each service based on the standalone price for each individual service.
- (b) Mobile subscription revenue excludes £45.8 million, £38.9 million, £106.5 million and £125.9 million, respectively, of mobile interconnect revenue. Mobile interconnect revenue and revenue from mobile handset sales are included in other revenue.
- (c) Other revenue includes, among other items, interconnect revenue, revenue from our ADSL subscribers that are not serviced over our network (non-cable), mobile handset sales and installation revenue.

**(17) Condensed Consolidating Financial Information — Senior Notes**

We present the following condensed consolidating financial information as of December 31, 2013 and December 31, 2012 and for the Successor period from June 8 to December 31, 2013, the Predecessor period from January 1 to June 7, 2013, the year ended December 31, 2012, and the year ended December 31, 2011 as required by the applicable underlying indentures.

As of December 31, 2013, Virgin Media Finance is the issuer of the following senior notes:

- \$507.1 million (£306.1 million) aggregate principal amount of 2019 VM Dollar Senior Notes;
- £253.5 million aggregate principal amount of 2019 VM Sterling Senior Notes;
- \$530.0 million (£319.9 million) aggregate principal amount of 2023 VM Dollar Senior Notes;
- £250.0 million aggregate principal amount of 2023 VM Sterling Senior Notes;
- \$95.0 million (£57.3 million) aggregate principal amount of 2022 VM 5.25% Dollar Senior Notes;
- \$118.7 million (£71.6 million) aggregate principal amount of 2022 VM 4.875% Dollar Senior Notes; and
- £44.1 million aggregate principal amount of 2022 VM Sterling Senior Notes.

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Virgin Media and certain of its subsidiaries, namely Virgin Media Group LLC (Virgin Media Group), Virgin Media Holdings Inc. (Virgin Media Holdings), Virgin Media (UK) Group, Inc. (Virgin Media (UK) Group) and Virgin Media Communications Limited (Virgin Media Communications), have guaranteed the senior notes on a senior basis. Each of VMIH and VMIL are conditional guarantors and have guaranteed the senior notes on a senior subordinated basis.

	Successor										
	December 31, 2013										
Balance sheets	Successor Company	Virgin Media Finance	Other guarantors	VMIH	VMIL	All other subsidiaries	Eliminations	Total			
	in millions										
<b>ASSETS</b>											
Current assets:											
Cash and cash equivalents	£ 313.3	£ 0.1	£ 0.2	£ 0.3	£ —	£ 29.1	£ —	£ 343.0			
Related-party receivables	0.2	—	—	—	—	87.9	—	88.1			
Other current assets	0.1	—	—	27.7	—	532.6	(0.1)	560.3			
Total current assets	313.6	0.1	0.2	28.0	—	649.6	(0.1)	991.4			
Property and equipment, net	—	—	—	—	—	6,112.6	—	6,112.6			
Goodwill	—	—	—	—	—	5,793.7	—	5,793.7			
Intangible assets subject to amortization, net	—	—	—	—	—	2,321.5	—	2,321.5			
Investments in, and loans to, parent and subsidiary companies	8,787.5	9,345.4	8,616.4	11,895.1	12,152.3	(7,491.0)	(43,305.7)	—			
Deferred income taxes	—	—	—	—	—	1,407.4	—	1,407.4			
Related-party notes receivable	76.2	—	—	—	—	2,297.3	—	2,373.5			
Other assets, net	79.8	11.3	—	137.9	—	82.1	—	311.1			
Other assets, net — intercompany	—	—	—	45.3	—	—	(45.3)	—			
Total assets	£ 9,257.1	£ 9,356.8	£ 8,616.6	£ 12,106.3	£ 12,152.3	£ 11,173.2	£ (43,351.1)	£ 19,311.2			
<b>LIABILITIES AND EQUITY</b>											
Current liabilities:											
Intercompany and related-party payables	£ 126.1	£ 2.7	£ 5.3	£ 67.8	£ —	£ 613.0	£ (727.3)	£ 87.6			
Other current liabilities	102.8	21.4	—	107.7	—	1,217.2	(0.1)	1,449.0			
Total current liabilities	228.9	24.1	5.3	175.5	—	1,830.2	(727.4)	1,536.6			
Long-term debt and capital lease obligations	—	1,358.4	—	—	—	6,930.9	—	8,289.3			
Other long-term liabilities	—	—	—	253.7	—	203.4	—	457.1			
Other long-term liabilities — intercompany	—	15.7	—	—	—	29.6	(45.3)	—			
Total liabilities	228.9	1,398.2	5.3	429.2	—	8,994.1	(772.7)	10,283.0			
Equity	9,028.2	7,958.6	8,611.3	11,677.1	12,152.3	2,179.1	(42,578.4)	9,028.2			
Total liabilities and equity	£ 9,257.1	£ 9,356.8	£ 8,616.6	£ 12,106.3	£ 12,152.3	£ 11,173.2	£ (43,351.1)	£ 19,311.2			

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	Predecessor (a)							Eliminations	Total
	December 31, 2012								
Balance sheets	Predecessor Company	Virgin Media Finance	Other guarantors	VMIH	VMIL	All other subsidiaries	Eliminations	Total	
	in millions								
<b>ASSETS</b>									
Current assets:									
Cash and cash equivalents . . . . .	£ 10.3	£ 1.0	£ 0.1	£ 0.1	£ —	£ 194.8	£ —	£ 206.3	
Other current assets . . . . .	0.2	—	—	31.4	—	599.9	—	631.5	
Total current assets . . . . .	10.5	1.0	0.1	31.5	—	794.7	—	837.8	
Property and equipment, net . . . . .	—	—	—	—	—	4,512.2	—	4,512.2	
Goodwill . . . . .	—	—	(15.0)	—	—	2,032.5	—	2,017.5	
Investments in, and loans to, parent and subsidiary companies . . . . .	3,474.9	3,144.9	1,973.7	4,424.4	5,306.3	(2,417.5)	(15,906.7)	—	
Deferred income taxes . . . . .	—	—	—	—	—	2,641.7	—	2,641.7	
Other assets, net . . . . .	308.3	19.8	—	144.1	—	83.5	—	555.7	
Total assets . . . . .	<u>£ 3,793.7</u>	<u>£ 3,165.7</u>	<u>£ 1,958.8</u>	<u>£ 4,600.0</u>	<u>£ 5,306.3</u>	<u>£ 7,647.1</u>	<u>£ (15,906.7)</u>	<u>£ 10,564.9</u>	
<b>LIABILITIES AND EQUITY</b>									
Current liabilities . . . . .	£ 31.1	£ 27.0	£ 5.3	£ 78.3	£ —	£ 1,746.3	£ (650.6)	£ 1,237.4	
Long-term debt and capital lease obligations . . . . .	544.0	1,824.4	—	—	—	3,483.6	—	5,852.0	
Other long-term liabilities . . . . .	0.2	—	—	88.1	—	168.8	—	257.1	
Total liabilities . . . . .	575.3	1,851.4	5.3	166.4	—	5,398.7	(650.6)	7,346.5	
Equity . . . . .	3,218.4	1,314.3	1,953.5	4,433.6	5,306.3	2,248.4	(15,256.1)	3,218.4	
Total liabilities and equity . . . . .	<u>£ 3,793.7</u>	<u>£ 3,165.7</u>	<u>£ 1,958.8</u>	<u>£ 4,600.0</u>	<u>£ 5,306.3</u>	<u>£ 7,647.1</u>	<u>£ (15,906.7)</u>	<u>£ 10,564.9</u>	

(a) As retrospectively revised — see note 2.

**VIRGIN MEDIA INC.**  
(See note 1)  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2013, 2012 and 2011**

Statements of operations	Successor									
	Period from June 8 to December 31, 2013									
	Successor Company	Virgin Media Finance	Other guarantors	VMIH	VMIL	All other subsidiaries	Eliminations	Total		
	in millions									
Revenue	£ —	£ —	£ —	£ —	£ —	£2,310.2	£ —	£2,310.2		
Operating costs and expenses:										
Operating (other than depreciation and amortization)	—	—	—	—	—	1,051.7	—	1,051.7		
SG&A (including share-based compensation)	1.6	—	—	—	—	378.5	—	380.1		
Depreciation and amortization	—	—	—	—	—	910.2	—	910.2		
Impairment, restructuring and other operating items, net	0.6	—	—	—	—	35.9	—	36.5		
	<u>2.2</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,376.3</u>	<u>—</u>	<u>2,378.5</u>		
Operating loss	<u>(2.2)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(66.1)</u>	<u>—</u>	<u>(68.3)</u>		
Non-operating income (expense):										
Interest expense:										
Third-party	(9.1)	(50.4)	—	(4.9)	—	(199.2)	—	(263.6)		
Related-party	(99.3)	(3.7)	(6.3)	(226.5)	—	(546.3)	876.3	(5.8)		
Interest income — related-party and intercompany	0.2	48.3	7.9	186.5	—	740.4	(876.3)	107.0		
Gain (loss) on debt modification and extinguishment, net	—	(0.3)	—	—	—	0.9	—	0.6		
Realized and unrealized gains (losses) on derivative instruments, net	27.0	—	—	(230.4)	—	—	—	(203.4)		
Realized and unrealized gains (losses) on derivative instruments, net — intercompany	—	(15.7)	—	45.2	—	(29.5)	—	—		
Foreign currency transaction gains (losses), net	27.0	17.8	(3.0)	65.7	—	12.5	22.6	142.6		
Other income, net	0.2	—	—	0.1	—	0.1	—	0.4		
	<u>(54.0)</u>	<u>(4.0)</u>	<u>(1.4)</u>	<u>(164.3)</u>	<u>—</u>	<u>(21.1)</u>	<u>22.6</u>	<u>(222.2)</u>		
Loss before income taxes	(56.2)	(4.0)	(1.4)	(164.3)	—	(87.2)	22.6	(290.5)		
Income tax expense	—	—	—	—	—	(197.5)	—	(197.5)		
Loss after income taxes	(56.2)	(4.0)	(1.4)	(164.3)	—	(284.7)	22.6	(488.0)		
Equity in net loss of subsidiaries	(431.8)	(414.6)	(430.4)	(272.9)	(297.3)	—	1,847.0	—		
Net loss	<u>£(488.0)</u>	<u>£(418.6)</u>	<u>£(431.8)</u>	<u>£(437.2)</u>	<u>£(297.3)</u>	<u>£ (284.7)</u>	<u>£1,869.6</u>	<u>£ (488.0)</u>		
Total comprehensive loss	<u>£(342.4)</u>	<u>£(432.3)</u>	<u>£(441.6)</u>	<u>£(450.9)</u>	<u>£(311.0)</u>	<u>£ (298.4)</u>	<u>£1,934.2</u>	<u>£ (342.4)</u>		

**VIRGIN MEDIA INC.**  
(See note 1)  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2013, 2012 and 2011**

Statements of operations	Predecessor										
	Period from January 1 to June 7, 2013										
	Predecessor Company	Virgin Media Finance	Other guarantors	VMIH	VMIL	All other subsidiaries	Eliminations	Total			
	in millions										
Revenue .....	£ —	£ —	£ —	£ —	£ —	£ 1,810.2	£ —	£ 1,810.2			
Operating costs and expenses:											
Operating (other than depreciation and amortization) .....	—	—	—	—	—	845.4	—	845.4			
SG&A (including share-based compensation) .....	8.4	—	—	—	—	247.7	—	256.1			
Depreciation and amortization .....	—	—	—	—	—	432.8	—	432.8			
Impairment, restructuring and other operating items, net .....	53.8	—	—	—	—	(2.6)	—	51.2			
	<u>62.2</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,523.3</u>	<u>—</u>	<u>1,585.5</u>			
Operating income (loss) .....	(62.2)	—	—	—	—	286.9	—	224.7			
Non-operating income (expense):											
Interest expense — third-party .....	(55.9)	(54.1)	(4.8)	(127.2)	—	(371.3)	456.6	(156.7)			
Interest income — intercompany .....	—	53.6	6.0	62.7	—	334.3	(456.6)	—			
Loss on debt modification and extinguishment, net ..	(0.1)	—	—	—	—	—	—	(0.1)			
Realized and unrealized gains on derivative instruments, net .....	50.0	—	—	1.8	—	—	—	51.8			
Foreign currency transaction gains (losses), net .....	(0.1)	2.6	5.6	23.7	—	(3.9)	(30.0)	(2.1)			
Other income, net .....	—	—	—	0.2	—	0.2	—	0.4			
	<u>(6.1)</u>	<u>2.1</u>	<u>6.8</u>	<u>(38.8)</u>	<u>—</u>	<u>(40.7)</u>	<u>(30.0)</u>	<u>(106.7)</u>			
Earnings (loss) before income taxes .....	(68.3)	2.1	6.8	(38.8)	—	246.2	(30.0)	118.0			
Income tax expense .....	—	—	—	(0.7)	—	(17.4)	—	(18.1)			
Earnings (loss) after income taxes .....	(68.3)	2.1	6.8	(39.5)	—	228.8	(30.0)	99.9			
Equity in net earnings of subsidiaries .....	168.2	140.2	161.2	209.7	222.9	—	(902.2)	—			
Net earnings .....	<u>£ 99.9</u>	<u>£ 142.3</u>	<u>£ 168.0</u>	<u>£ 170.2</u>	<u>£ 222.9</u>	<u>£ 228.8</u>	<u>£ (932.2)</u>	<u>£ 99.9</u>			
Total comprehensive earnings .....	<u>£ 83.1</u>	<u>£ 135.3</u>	<u>£ 161.0</u>	<u>£ 163.2</u>	<u>£ 223.5</u>	<u>£ 229.4</u>	<u>£ (912.4)</u>	<u>£ 83.1</u>			

**VIRGIN MEDIA INC.**  
(See note 1)  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2013, 2012 and 2011**

Statements of operations	Predecessor (a)							
	Year ended December 31, 2012							
	Predecessor Company	Virgin Media Finance	Other guarantors	VMIH	VMIL	All other subsidiaries	Eliminations	Total
	in millions							
Revenue . . . . .	£ —	£ —	£ —	£ —	£ —	£ 4,100.5	£ —	£ 4,100.5
Operating costs and expenses:								
Operating (other than depreciation and amortization) . . . . .	—	—	—	—	—	1,872.9	—	1,872.9
SG&A (including share-based compensation) . . . . .	15.3	—	—	—	—	558.9	—	574.2
Depreciation and amortization . . . . .	—	—	—	—	—	966.4	—	966.4
Impairment, restructuring and other operating items, net . . . . .	—	—	—	—	—	(11.8)	—	(11.8)
	<u>15.3</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,386.4</u>	<u>—</u>	<u>3,401.7</u>
Operating income (loss) . . . . .	(15.3)	—	—	—	—	714.1	—	698.8
Non-operating income (expense):								
Interest expense — third-party . . . . .	(112.4)	(155.2)	(10.9)	(344.4)	—	(938.9)	1,163.6	(398.2)
Interest income — intercompany . . . . .	—	167.2	15.5	185.8	—	795.1	(1,163.6)	—
Loss on debt modification and extinguishment, net . . . . .	—	(187.8)	—	—	—	—	—	(187.8)
Realized and unrealized gains (losses) on derivative instruments, net . . . . .	174.2	—	—	(26.1)	—	—	—	148.1
Foreign currency transaction losses, net . . . . .	(0.1)	(7.8)	(2.8)	(24.5)	—	(4.5)	33.4	(6.3)
Other income, net . . . . .	—	—	—	0.4	—	6.4	—	6.8
	<u>61.7</u>	<u>(183.6)</u>	<u>1.8</u>	<u>(208.8)</u>	<u>—</u>	<u>(141.9)</u>	<u>33.4</u>	<u>(437.4)</u>
Earnings (loss) before income taxes . . . . .	46.4	(183.6)	1.8	(208.8)	—	572.2	33.4	261.4
Income tax benefit (expense) . . . . .	—	—	0.1	(0.6)	—	2,652.5	—	2,652.0
Earnings (loss) after income taxes . . . . .	46.4	(183.6)	1.9	(209.4)	—	3,224.7	33.4	2,913.4
Equity in net earnings of subsidiaries . . . . .	2,867.0	2,963.2	2,865.0	3,139.2	3,137.2	—	(14,971.6)	—
Net earnings . . . . .	<u>£ 2,913.4</u>	<u>£ 2,779.6</u>	<u>£ 2,866.9</u>	<u>£ 2,929.8</u>	<u>£ 3,137.2</u>	<u>£ 3,224.7</u>	<u>£ (14,938.2)</u>	<u>£ 2,913.4</u>
Total comprehensive earnings . . . . .	<u>£ 2,877.6</u>	<u>£ 2,732.5</u>	<u>£ 2,822.0</u>	<u>£ 2,882.6</u>	<u>£ 3,137.8</u>	<u>£ 3,225.3</u>	<u>£ (14,800.2)</u>	<u>£ 2,877.6</u>

(a) As retrospectively revised — see note 2.

**VIRGIN MEDIA INC.**  
(See note 1)  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2013, 2012 and 2011**

Statements of operations	Predecessor								
	Year ended December 31, 2011								
	Predecessor Company	Virgin Media Finance	Other guarantors	VMIH	VMIL	All other subsidiaries	Eliminations	Total	
	in millions								
Revenue	£ —	£ —	£ —	£ —	£ —	£ 3,991.8	£ —	£	3,991.8
Operating costs and expenses:									
Operating (other than depreciation and amortization)	—	—	—	—	—	1,866.6	—		1,866.6
SG&A (including share-based compensation)	13.2	—	—	—	—	522.1	—		535.3
Depreciation and amortization	—	—	—	—	—	1,046.4	—		1,046.4
Impairment, restructuring and other operating items, net	—	—	—	—	—	6.8	—		6.8
	13.2	—	—	—	—	3,441.9	—		3,451.1
Operating income (loss)	(13.2)	—	—	—	—	549.9	—		536.7
Non-operating income (expense):									
Interest expense — third-party	(66.2)	(188.8)	(35.7)	(382.0)	—	(1,034.8)	1,267.1		(440.4)
Interest income — intercompany	3.6	190.4	39.4	178.2	—	855.5	(1,267.1)		—
Loss on debt modification and extinguishment, net	—	(18.3)	—	—	—	(28.9)	—		(47.2)
Realized and unrealized losses on derivative instruments, net	(43.4)	—	—	(7.3)	—	—	—		(50.7)
Foreign currency transaction gains (losses), net	(0.4)	0.2	(4.2)	(0.4)	—	2.4	—		(2.4)
Other income, net	0.1	—	—	0.7	—	96.3	—		97.1
	(106.3)	(16.5)	(0.5)	(210.8)	—	(109.5)	—		(443.6)
Earnings (loss) from continuing operations before income taxes	(119.5)	(16.5)	(0.5)	(210.8)	—	440.4	—		93.1
Income tax benefit (expense)	—	—	(0.3)	(23.3)	—	7.6	—		(16.0)
Earnings (loss) from continuing operations after income taxes	(119.5)	(16.5)	(0.8)	(234.1)	—	448.0	—		77.1
Loss on discontinued operation, net of tax	—	—	—	—	—	(1.2)	—		(1.2)
Equity in net earnings of subsidiaries	195.4	187.7	196.3	422.0	496.7	—	(1,498.1)		—
Net earnings	£ 75.9	£ 171.2	£ 195.5	£ 187.9	£ 496.7	£ 446.8	£ (1,498.1)	£	75.9
Total comprehensive earnings	£ 19.4	£ 127.5	£ 151.2	£ 144.2	£ 499.5	£ 449.6	£ (1,372.0)	£	19.4



**VIRGIN MEDIA INC.**  
(See note 1)  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2013, 2012 and 2011**

Statements of cash flows	Successor						
	Period from June 8 to December 31, 2013						
	Successor Company	Virgin Media Finance	Other guarantors	VMIH	VMIL	All other subsidiaries	Total
	in millions						
Cash flows from operating activities:							
Net cash provided (used) by operating activities . . . . .	£ (98.4)	£ (12.4)	£0.1	£(77.2)	£—	£ 750.4	£ 562.5
Cash flows from investing activities:							
Loan to related-party . . . . .	(65.7)	—	—	—	—	(2,290.6)	(2,356.3)
Capital expenditures . . . . .	—	—	—	—	—	(418.9)	(418.9)
Other investing activities, net . . . . .	—	—	—	—	—	1.8	1.8
Net cash used by investing activities . . . . .	(65.7)	—	—	—	—	(2,707.7)	(2,773.4)
Cash flows from financing activities:							
Repayments and repurchases of debt and capital lease obligations . . . . .	(2,832.7)	(1,116.8)	—	—	—	(101.3)	(4,050.8)
Borrowings of debt . . . . .	—	—	—	—	—	1,983.4	1,983.4
Repayments of related-party notes . . . . .	(1,819.6)	—	—	—	—	—	(1,819.6)
Capital contribution from parent . . . . .	3,278.0	—	—	—	—	—	3,278.0
Release of restricted cash from escrow . . . . .	—	586.0	—	—	—	1,727.6	2,313.6
Investments from (loans to) parent and subsidiary companies . . . . .	1,508.9	537.1	—	32.3	—	(2,078.3)	—
Net cash received related to derivative instruments . . . . .	343.2	—	—	21.1	—	—	364.3
Payment of financing costs and debt premiums . . . . .	(30.9)	(16.6)	—	(0.6)	—	(16.2)	(64.3)
Other financing activities, net . . . . .	(0.1)	—	—	—	—	—	(0.1)
Net cash provided (used) by financing activities . . . . .	446.8	(10.3)	—	52.8	—	1,515.2	2,004.5
Effect of exchange rates on cash and cash equivalents . . . . .	3.2	(1.5)	—	0.5	—	(7.6)	(5.4)
Net increase (decrease) in cash and cash equivalents . . . . .	285.9	(24.2)	0.1	(23.9)	—	(449.7)	(211.8)
Cash and cash equivalents:							
Beginning of period . . . . .	27.4	24.3	0.1	24.2	—	478.8	554.8
End of period . . . . .	£ 313.3	£ 0.1	£0.2	£ 0.3	£—	£ 29.1	£ 343.0

**VIRGIN MEDIA INC.**  
(See note 1)  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2013, 2012 and 2011**

Statements of cash flows	Predecessor						Total
	Period from January 1 to June 7, 2013						
	Predecessor Company	Virgin Media Finance	Other guarantors	VMIH	VMIL	All other subsidiaries	
in millions							
Cash flows from operating activities:							
Net cash provided (used) by operating activities . . . . .	£ (106.9)	£ 3.3	£ 3.8	£ (55.1)	£ —	£ 743.0	£ 588.1
Cash flows from investing activities:							
Capital expenditures . . . . .	—	—	—	—	—	(313.4)	(313.4)
Other investing activities, net . . . . .	—	—	—	—	—	4.1	4.1
Net cash used by investing activities . . . . .	—	—	—	—	—	(309.3)	(309.3)
Cash flows from financing activities:							
Repayments and repurchases of debt and capital lease obligations . . . . .	(1.5)	—	—	—	—	(45.0)	(46.5)
Investments from (loans to) parent and subsidiary companies . . . . .	94.3	(3.1)	(3.8)	78.8	—	(166.2)	—
Payment of financing costs and debt premiums . . . . .	(0.6)	(0.2)	—	—	—	(0.3)	(1.1)
Other financing activities, net . . . . .	8.7	—	—	—	—	—	8.7
Net cash provided (used) by financing activities . . . . .	100.9	(3.3)	(3.8)	78.8	—	(211.5)	(38.9)
Effect of exchange rates on cash and cash equivalents . . . . .	0.9	—	—	0.4	—	(0.4)	0.9
Net increase (decrease) in cash and cash equivalents . . . . .	(5.1)	—	—	24.1	—	221.8	240.8
Cash and cash equivalents:							
Beginning of period . . . . .	10.3	1.0	0.1	0.1	—	194.8	206.3
End of period . . . . .	£ 5.2	£ 1.0	£ 0.1	£ 24.2	£ —	£ 416.6	£ 447.1

**VIRGIN MEDIA INC.**  
(See note 1)  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2013, 2012 and 2011**

Statements of cash flows	Predecessor (a)						
	Year ended December 31, 2012						
	Predecessor Company	Virgin Media Finance	Other guarantors	VMIH	VMIL	All other subsidiaries	Total
	in millions						
Cash flows from operating activities:							
Net cash provided (used) by operating activities . . . . .	£ (91.5)	£ 16.7	£ (3.0)	£ (187.5)	£ —	£ 1,464.2	£ 1,198.9
Cash flows from investing activities:							
Capital expenditures . . . . .	—	—	—	—	—	(782.5)	(782.5)
Other investing activities, net . . . . .	—	—	—	—	—	(0.5)	(0.5)
Net cash used by investing activities . . . . .	—	—	—	—	—	(783.0)	(783.0)
Cash flows from financing activities:							
Repayments and repurchases of debt and capital lease obligations . . . . .	—	(1,141.9)	—	(175.0)	—	(98.0)	(1,414.9)
Borrowings of debt . . . . .	—	1,279.7	—	175.0	—	—	1,454.7
Investments from (loans to) parent and subsidiary companies . . . . .	436.5	14.8	2.8	214.3	—	(668.4)	—
Net cash paid related to derivative instruments . . . . .	—	—	—	(26.0)	—	—	(26.0)
Payment of financing costs and debt premiums . . . . .	—	(165.0)	—	—	—	(0.1)	(165.1)
Repurchase of common stock . . . . .	(330.2)	—	—	—	—	—	(330.2)
Other financing activities, net . . . . .	(19.1)	—	—	—	—	—	(19.1)
Net cash provided (used) by financing activities . . . . .	87.2	(12.4)	2.8	188.3	—	(766.5)	(500.6)
Effect of exchange rates on cash and cash equivalents . . . . .	(1.6)	(5.2)	—	(0.8)	—	(1.8)	(9.4)
Net decrease in cash and cash equivalents . . . . .	(5.9)	(0.9)	(0.2)	—	—	(87.1)	(94.1)
Cash and cash equivalents:							
Beginning of period . . . . .	16.2	1.9	0.3	0.1	—	281.9	300.4
End of period . . . . .	£ 10.3	£ 1.0	£ 0.1	£ 0.1	£ —	£ 194.8	£ 206.3

(a) As retrospectively revised — see note 2.

**VIRGIN MEDIA INC.**  
(See note 1)  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2013, 2012 and 2011**

Statements of cash flows	Predecessor						
	Year ended December 31, 2011						
	Predecessor Company	Virgin Media Finance	Other guarantors	VMIH	VMIL	All other subsidiaries	Total
	in millions						
Cash flows from operating activities:							
Net cash provided (used) by operating activities . . . . .	£ (56.1)	£ (4.5)	£ (4.7)	£ (207.9)	£ —	£ 1,421.6	£ 1,148.4
Cash flows from investing activities:							
Capital expenditures . . . . .	—	—	—	—	—	(656.7)	(656.7)
Sale of equity investments, net . . . . .	—	—	—	—	—	243.4	243.4
Loan repayment from equity investment . . . . .	—	—	—	—	—	108.2	108.2
Other investing activities, net . . . . .	—	—	—	—	—	(9.6)	(9.6)
Net cash used by investing activities . . . . .	—	—	—	—	—	(314.7)	(314.7)
Cash flows from financing activities:							
Repayments and repurchases of debt and capital lease obligations . . . . .	—	(340.4)	—	—	—	(1,054.6)	(1,395.0)
Borrowings of debt . . . . .	—	—	—	—	—	1,001.5	1,001.5
Investments from (loans to) parent and subsidiary companies . . . . .	621.6	360.5	4.6	144.5	—	(1,131.2)	—
Net cash received related to derivative instruments . . . . .	—	—	—	68.3	—	—	68.3
Payment of financing costs and debt premiums . . . . .	—	(15.5)	—	(10.4)	—	(14.1)	(40.0)
Repurchase of common stock . . . . .	(635.0)	—	—	—	—	—	(635.0)
Other financing activities, net . . . . .	(13.6)	—	—	—	—	—	(13.6)
Net cash provided (used) by financing activities . . . . .	(27.0)	4.6	4.6	202.4	—	(1,198.4)	(1,013.8)
Effect of exchange rates on cash and cash equivalents . . . . .	(2.0)	—	—	1.1	—	1.9	1.0
Net increase (decrease) in cash and cash equivalents . . . . .	(85.1)	0.1	(0.1)	(4.4)	—	(89.6)	(179.1)
Cash and cash equivalents:							
Beginning of period . . . . .	101.3	1.8	0.4	4.5	—	371.5	479.5
End of period . . . . .	£ 16.2	£ 1.9	£ 0.3	£ 0.1	£ —	£ 281.9	£ 300.4

**(18) Condensed Consolidating Financial Information — Senior Secured Notes**

We present the following condensed consolidating financial information as of December 31, 2013 and December 31, 2012 and for the Successor period from June 8 to December 31, 2013, the Predecessor period from January 1 to June 7, 2013, the year ended December 31, 2012, and the year ended December 31, 2011 as required by the applicable underlying indentures.

**VIRGIN MEDIA INC.**  
**(See note 1)**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2013, 2012 and 2011**

As of December 31, 2013, Virgin Media Secured Finance is the issuer of the following senior secured notes:

- £875.0 million aggregate principal amount of 2018 VM Sterling Senior Secured Notes;
- \$1.0 billion (£603.6 million) aggregate principal amount of 2018 VM Dollar Senior Secured Notes;
- £628.4 million aggregate principal amount of January 2021 VM Sterling Senior Secured Notes;
- \$447.9 million (£270.4 million) aggregate principal amount of January 2021 VM Dollar Senior Secured Notes;
- £1.1 billion aggregate principal amount of April 2021 VM Sterling Senior Secured Notes; and
- \$1.0 billion (£603.6 million) aggregate principal amount of April 2021 VM Dollar Senior Secured Notes.

Our senior secured notes are issued by Virgin Media Secured Finance and are guaranteed on a senior basis by Virgin Media, Virgin Media Group, Virgin Media Holdings, Virgin Media (UK) Group and Virgin Media Communications and on a senior subordinated basis by VMIH and VMIL. They also rank *pari passu* with and, subject to certain exceptions, share in the same guarantees and security which has been granted in favor of our VM Credit Facility.

**VIRGIN MEDIA INC.**  
(See note 1)  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2013, 2012 and 2011**

	Successor					Total
	December 31, 2013					
Balance sheets	Successor Company	Virgin Media Secured Finance	Guarantors	Non- Guarantors	Eliminations	
	in millions					
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents . . . .	£ 313.3	£ 0.1	£ 21.4	£ 8.2	£ —	£ 343.0
Related-party receivables . . . . .	0.2	—	47.8	40.1	—	88.1
Other current assets . . . . .	0.1	0.1	559.7	0.5	(0.1)	560.3
Total current assets . . . . .	313.6	0.2	628.9	48.8	(0.1)	991.4
Property and equipment, net . . . . .	—	—	5,037.3	1,075.3	—	6,112.6
Goodwill . . . . .	—	—	5,793.7	—	—	5,793.7
Intangible assets subject to amortization, net . . . . .	—	—	2,185.6	135.9	—	2,321.5
Investments in, and loans to, parent and subsidiary companies . . . . .	8,787.5	4,257.8	(5,507.1)	7,937.7	(15,475.9)	—
Deferred income taxes . . . . .	—	—	1,407.4	—	—	1,407.4
Related-party notes receivable . . .	76.2	—	—	2,297.3	—	2,373.5
Other assets, net . . . . .	79.8	31.6	199.7	—	—	311.1
Other assets, net intercompany . . .	—	—	45.3	—	(45.3)	—
Total assets . . . . .	<u>£9,257.1</u>	<u>£4,289.6</u>	<u>£ 9,790.8</u>	<u>£11,495.0</u>	<u>£(15,521.3)</u>	<u>£19,311.2</u>
<b>LIABILITIES AND EQUITY</b>						
Current liabilities:						
Intercompany and related-party payables . . . . .	£ 126.1	£ 1.4	£ 158.7	£ 528.8	£ (727.4)	£ 87.6
Other current liabilities . . . . .	102.8	47.6	1,294.1	4.6	(0.1)	1,449.0
Total current liabilities . . . . .	228.9	49.0	1,452.8	533.4	(727.5)	1,536.6
Long-term debt and capital lease obligations . . . . .	—	4,164.9	4,124.4	—	—	8,289.3
Other long-term liabilities . . . . .	—	—	446.8	10.3	—	457.1
Other long-term liabilities intercompany . . . . .	—	29.6	15.7	—	(45.3)	—
Total liabilities . . . . .	228.9	4,243.5	6,039.7	543.7	(772.8)	10,283.0
Equity . . . . .	9,028.2	46.1	3,751.1	10,951.3	(14,748.5)	9,028.2
Total liabilities and equity . . .	<u>£9,257.1</u>	<u>£4,289.6</u>	<u>£ 9,790.8</u>	<u>£11,495.0</u>	<u>£(15,521.3)</u>	<u>£19,311.2</u>

**VIRGIN MEDIA INC.**  
(See note 1)  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2013, 2012 and 2011**

	Predecessor (a)					
	December 31, 2012					
Balance sheets	Predecessor Company	Virgin Media Secured Finance	Guarantors	Non- Guarantors	Eliminations	Total
	in millions					
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents . . . . .	£ 10.3	£ —	£ 191.9	£ 4.1	£ —	£ 206.3
Other current assets . . . . .	0.2	—	630.4	0.9	—	631.5
Total current assets . . . . .	10.5	—	822.3	5.0	—	837.8
Property and equipment, net . . . . .	—	—	3,917.9	594.3	—	4,512.2
Goodwill . . . . .	—	—	1,869.2	148.3	—	2,017.5
Investments in, and loans to, parent and subsidiary companies . . . . .	3,474.9	2,589.7	(1,203.8)	4,053.9	(8,914.7)	—
Deferred income taxes . . . . .	—	—	2,641.7	—	—	2,641.7
Other assets, net . . . . .	308.3	24.6	222.8	—	—	555.7
Total assets . . . . .	<u>£ 3,793.7</u>	<u>£ 2,614.3</u>	<u>£ 8,270.1</u>	<u>£ 4,801.5</u>	<u>£ (8,914.7)</u>	<u>£ 10,564.9</u>
<b>LIABILITIES AND EQUITY</b>						
Current liabilities . . . . .	£ 31.1	£ 28.4	£ 1,342.8	£ 485.7	£ (650.6)	£ 1,237.4
Long-term debt and capital lease obligations . . . . .	544.0	2,581.8	2,726.2	—	—	5,852.0
Other long-term liabilities . . . . .	0.2	—	242.2	14.7	—	257.1
Total liabilities . . . . .	575.3	2,610.2	4,311.2	500.4	(650.6)	7,346.5
Equity . . . . .	3,218.4	4.1	3,958.9	4,301.1	(8,264.1)	3,218.4
Total liabilities and equity . . . . .	<u>£ 3,793.7</u>	<u>£ 2,614.3</u>	<u>£ 8,270.1</u>	<u>£ 4,801.5</u>	<u>£ (8,914.7)</u>	<u>£ 10,564.9</u>

(a) As retrospectively revised — see note 2.

**VIRGIN MEDIA INC.**  
(See note 1)  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2013, 2012 and 2011**

<u>Statements of operations</u>	Successor					
	Period from June 8 to December 31, 2013					
	Successor Company	Virgin Media Secured Finance	Guarantors	Non- Guarantors	Eliminations	Total
	<i>in millions</i>					
Revenue . . . . .	£ —	£ —	£ 2,167.3	£ 142.9	£ —	£ 2,310.2
Operating costs and expenses:						
Operating (other than depreciation and amortization) . . . . .	—	—	981.7	70.0	—	1,051.7
SG&A (including share-based compensation) . . .	1.6	—	360.2	18.3	—	380.1
Depreciation and amortization . . . . .	—	—	813.1	97.1	—	910.2
Impairment, restructuring and other operating items, net . . . . .	0.6	—	33.9	2.0	—	36.5
	2.2	—	2,188.9	187.4	—	2,378.5
Operating loss . . . . .	(2.2)	—	(21.6)	(44.5)	—	(68.3)
Non-operating income (expense):						
Interest expense: . . . . .						
Third-party . . . . .	(9.1)	(133.7)	(120.8)	—	—	(263.6)
Related-party . . . . .	(99.3)	—	(410.7)	(394.3)	898.5	(5.8)
Interest income – related-party and intercompany . . . . .	0.2	170.9	435.4	399.0	(898.5)	107.0
Gain (loss) on debt modification and extinguishment, net . . . . .	—	1.0	(0.4)	—	—	0.6
Realized and unrealized gains . . . . .						
(losses) on derivative instruments, net . . . . .	27.0	—	(230.4)	—	—	(203.4)
Realized and unrealized gains . . . . .						
(losses) on intercompany derivative instruments, net . . . . .	—	(29.6)	29.6	—	—	—
Foreign currency transaction gains, net . . .	27.0	34.4	48.6	10.0	22.6	142.6
Other income, net . . . . .	0.2	—	0.2	—	—	0.4
	(54.0)	43.0	(248.5)	14.7	22.6	(222.2)
Earnings (loss) before income taxes . . . . .	(56.2)	43.0	(270.1)	(29.8)	22.6	(290.5)
Income tax expense . . . . .	—	—	(197.5)	—	—	(197.5)
Earnings (loss) after income taxes . . . . .	(56.2)	43.0	(467.6)	(29.8)	22.6	(488.0)
Equity in net earnings (loss) of subsidiaries . . . . .	(431.8)	—	106.8	(401.9)	726.9	—
Net earnings (loss) . . .	£ (488.0)	£ 43.0	£ (360.8)	£ (431.7)	£ 749.5	£ (488.0)
Total comprehensive earnings (loss) . . . . .	£ (342.4)	£ 43.0	£ (374.5)	£ (439.9)	£ 771.4	£ (342.4)



**VIRGIN MEDIA INC.**  
(See note 1)  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2013, 2012 and 2011**

Statements of operations	Predecessor					
	Period from January 1 to June 7, 2013					
	Predecessor Company	Virgin Media Secured Finance	Guarantors	Non- Guarantors	Eliminations	Total
	in millions					
Revenue . . . . .	£ —	£ —	£ 1,703.5	£ 106.7	£ —	£ 1,810.2
Operating costs and expenses:						
Operating (other than depreciation and amortization) . . . . .	—	—	807.4	38.0	—	845.4
SG&A (including share-based compensation) . . . . .	8.4	—	229.8	17.9	—	256.1
Depreciation and amortization . . . . .	—	—	396.1	36.7	—	432.8
Impairment, restructuring and other operating items, net . . . . .	53.8	—	(2.7)	0.1	—	51.2
	<u>62.2</u>	<u>—</u>	<u>1,430.6</u>	<u>92.7</u>	<u>—</u>	<u>1,585.5</u>
Operating income (loss) . . . . .	<u>(62.2)</u>	<u>—</u>	<u>272.9</u>	<u>14.0</u>	<u>—</u>	<u>224.7</u>
Non-operating income (expense):						
Interest expense — third-party . . . . .	(55.9)	(71.6)	(341.9)	(155.6)	468.3	(156.7)
Interest income — intercompany . . . . .	—	70.7	230.7	166.9	(468.3)	—
Loss on debt modification and extinguishment, net . . . . .	(0.1)	—	—	—	—	(0.1)
Realized and unrealized gains on derivative instruments, net . . . . .	50.0	—	1.8	—	—	51.8
Foreign currency transaction gains (losses), net . . . . .	(0.1)	—	27.5	0.5	(30.0)	(2.1)
Other income, net . . . . .	—	—	0.4	—	—	0.4
	<u>(6.1)</u>	<u>(0.9)</u>	<u>(81.5)</u>	<u>11.8</u>	<u>(30.0)</u>	<u>(106.7)</u>
Earnings (loss) before income taxes . . . . .	<u>(68.3)</u>	<u>(0.9)</u>	<u>191.4</u>	<u>25.8</u>	<u>(30.0)</u>	<u>118.0</u>
Income tax expense . . . . .	—	—	(18.1)	—	—	(18.1)
Earnings (loss) after income taxes . . . . .	<u>(68.3)</u>	<u>(0.9)</u>	<u>173.3</u>	<u>25.8</u>	<u>(30.0)</u>	<u>99.9</u>
Equity in net earnings of subsidiaries . . . . .	168.2	—	0.3	142.4	(310.9)	—
Net earnings (loss) . . . . .	<u>£ 99.9</u>	<u>£ (0.9)</u>	<u>£ 173.6</u>	<u>£ 168.2</u>	<u>£ (340.9)</u>	<u>£ 99.9</u>
Total comprehensive earnings (loss) . . . . .	<u>£ 83.1</u>	<u>£ (0.9)</u>	<u>£ 166.6</u>	<u>£ 161.2</u>	<u>£ (326.9)</u>	<u>£ 83.1</u>

**VIRGIN MEDIA INC.**  
(See note 1)  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2013, 2012 and 2011**

Statements of operations	Predecessor (a)					
	Year ended December 31, 2012					
	Predecessor Company	Virgin Media Secured Finance	Guarantors	Non- Guarantors	Eliminations	Total
	in millions					
Revenue . . . . .	£ —	£ —	£ 3,854.8	£ 245.7	£ —	£ 4,100.5
Operating costs and expenses:						
Operating (other than depreciation and amortization) . . . . .	—	—	1,774.0	98.9	—	1,872.9
SG&A (including share-based compensation) . . . . .	15.3	—	529.1	29.8	—	574.2
Depreciation and amortization . . . . .	—	—	876.7	89.7	—	966.4
Impairment, restructuring and other operating items, net . . . . .	—	—	(14.3)	2.5	—	(11.8)
	<u>15.3</u>	<u>—</u>	<u>3,165.5</u>	<u>220.9</u>	<u>—</u>	<u>3,401.7</u>
Operating income (loss) . . . . .	(15.3)	—	689.3	24.8	—	698.8
Non-operating income (expense):						
Interest expense — third-party . . . . .	(112.4)	(162.0)	(928.0)	(393.6)	1,197.8	(398.2)
Interest income — intercompany . . . . .	—	163.5	606.3	428.0	(1,197.8)	—
Loss on debt modification and extinguishment, net . . . . .	—	—	(187.8)	—	—	(187.8)
Realized and unrealized gains (losses) on derivative instruments, net . . . . .	174.2	—	(26.1)	—	—	148.1
Foreign currency transaction gains (losses), net . . . . .	(0.1)	—	(46.6)	7.0	33.4	(6.3)
Other income, net . . . . .	—	—	6.8	—	—	6.8
	<u>61.7</u>	<u>1.5</u>	<u>(575.4)</u>	<u>41.4</u>	<u>33.4</u>	<u>(437.4)</u>
Earnings before income taxes . . . . .	46.4	1.5	113.9	66.2	33.4	261.4
Income tax benefit . . . . .	—	—	2,651.9	0.1	—	2,652.0
Earnings after income taxes . . . . .	46.4	1.5	2,765.8	66.3	33.4	2,913.4
Equity in net earnings of subsidiaries . . . . .	2,867.0	—	70.4	2,800.8	(5,738.2)	—
Net earnings . . . . .	<u>£ 2,913.4</u>	<u>£ 1.5</u>	<u>£ 2,836.2</u>	<u>£ 2,867.1</u>	<u>£ (5,704.8)</u>	<u>£ 2,913.4</u>
Total comprehensive earnings . . . . .	<u>£ 2,877.6</u>	<u>£ 1.5</u>	<u>£ 2,789.0</u>	<u>£ 2,821.9</u>	<u>£ (5,612.4)</u>	<u>£ 2,877.6</u>

(a) As retrospectively revised — see note 2.

**VIRGIN MEDIA INC.**  
(See note 1)  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2013, 2012 and 2011**

Statements of operations	Predecessor					
	Year ended December 31, 2011					
	Predecessor Company	Virgin Media Secured Finance	Guarantors	Non- Guarantors	Eliminations	Total
	<i>in millions</i>					
Revenue . . . . .	£ —	£ —	£ 3,534.5	£ 457.3	£ —	£3,991.8
Operating costs and expenses:						
Operating (other than depreciation and amortization) . . . . .	—	—	1,538.2	328.4	—	1,866.6
SG&A (including share-based compensation) . . . . .	13.2	—	490.8	31.3	—	535.3
Depreciation and amortization . . . . .	—	—	922.1	124.3	—	1,046.4
Impairment, restructuring and other operating items, net . . . . .	—	—	4.9	1.9	—	6.8
	13.2	—	2,956.0	485.9	—	3,455.1
Operating income (loss) . . . . .	(13.2)	—	578.5	(28.6)	—	536.7
Non-operating income (expense):						
Interest expense —						
third-party . . . . .	(66.2)	(152.3)	(1,050.1)	(443.5)	1,271.7	(440.4)
Interest income —						
intercompany . . . . .	3.6	153.8	687.1	427.2	(1,271.7)	—
Loss on debt modification and extinguishment, net . . . . .	—	—	(47.2)	—	—	(47.2)
Realized and unrealized losses on derivative instruments, net . . . . .	(43.4)	—	(7.3)	—	—	(50.7)
Foreign currency transaction gains (losses), net . . . . .	(0.4)	—	22.7	(24.7)	—	(2.4)
Other income, net . . . . .	0.1	—	78.0	19.0	—	97.1
	(106.3)	1.5	(316.8)	(22.0)	—	(443.6)
Earnings (loss) before income taxes . . . . .	(119.5)	1.5	261.7	(50.6)	—	93.1
Income tax benefit (expense) . . . . .	—	—	(18.9)	2.9	—	(16.0)
Earnings (loss) after income taxes . . . . .	(119.5)	1.5	242.8	(47.7)	—	77.1
Loss of discontinued operation, net of tax . . . . .	—	—	—	(1.2)	—	(1.2)
Equity in net earnings (loss) of subsidiaries . . . . .	195.4	—	(34.9)	244.3	(404.8)	—
Net earnings . . . . .	£ 75.9	£ 1.5	£ 207.9	£ 195.4	£ (404.8)	£ 75.9
Total comprehensive earnings . . . . .	£ 19.4	£ 1.5	£ 164.2	£ 151.1	£ (316.8)	£ 19.4

**VIRGIN MEDIA INC.**  
(See note 1)  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2013, 2012 and 2011**

Statements of cash flows	Successor				
	Period from June 8 to December 31, 2013				
	Successor Company	Virgin Media Secured Finance	Guarantors	Non- Guarantors	Total
	in millions				
Cash flows from operating activities:					
Net cash provided (used) by					
operating activities . . . . .	£ (98.4)	£ (6.1)	£ 606.0	£ 61.0	£ 562.5
Cash flows from investing activities:					
Loan to related-party . . . . .	(65.7)	—	—	(2,290.6)	(2,356.3)
Capital expenditures . . . . .	—	—	(393.0)	(25.9)	(418.9)
Other investing activities, net . . . . .	—	—	1.8	—	1.8
Net cash used by investing					
activities . . . . .	(65.7)	—	(391.2)	(2,316.5)	(2,773.4)
Cash flows from financing activities:					
Repayments and repurchases of debt					
and capital lease obligations . . . . .	(2,832.7)	(56.0)	(1,162.1)	—	(4,050.8)
Borrowings of debt . . . . .	—	—	1,983.4	—	1,983.4
Investments from (loans to) parent and					
subsidiary companies . . . . .	1,508.9	(1,707.7)	(2,064.6)	2,263.4	—
Repayments of related-party notes . . . .	(1,819.6)	—	—	—	(1,819.6)
Release of restricted cash from					
escrow . . . . .	—	1,727.6	586.0	—	2,313.6
Capital contribution from parent . . . . .	3,278.0	—	—	—	3,278.0
Net cash received related to derivative					
instruments . . . . .	343.2	—	21.1	—	364.3
Payment of financing costs and debt					
premiums . . . . .	(30.9)	(16.2)	(17.2)	—	(64.3)
Other financing activities, net . . . . .	(0.1)	—	—	—	(0.1)
Net cash provided (used) by					
financing activities . . . . .	446.8	(52.3)	(653.4)	2,263.4	2,004.5
Effect of exchange rates on cash					
and cash equivalents . . . . .	3.2	(3.7)	0.3	(5.2)	(5.4)
Net increase (decrease) in cash					
and cash equivalents . . . . .	285.9	(62.1)	(438.3)	2.7	(211.8)
Cash and cash equivalents:					
Beginning of period . . . . .	27.4	62.2	459.7	5.5	554.8
End of period . . . . .	£ 313.3	£ 0.1	£ 21.4	£ 8.2	£ 343.0

**VIRGIN MEDIA INC.**  
(See note 1)  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2013, 2012 and 2011**

Statements of cash flows	Predecessor				
	Period from January 1 to June 7, 2013				
	Predecessor Company	Virgin Media Secured Finance	Guarantors	Non- Guarantors	Total
	in millions				
Cash flows from operating activities:					
Net cash provided (used) by					
operating activities . . . . .	£ (106.9)	£ 1.5	£ 595.6	£ 97.9	£ 588.1
Cash flows from investing activities:					
Capital expenditures . . . . .	—	—	(282.5)	(30.9)	(313.4)
Other investing activities, net . . . . .	—	—	3.7	0.4	4.1
Net cash used by investing					
activities . . . . .	—	—	(278.8)	(30.5)	(309.3)
Cash flows from financing activities:					
Repayments and repurchases of debt					
and capital lease obligations . . . . .	(1.5)	—	(45.0)	—	(46.5)
Investments from (loans to) parent					
and subsidiary companies . . . . .	94.3	(1.6)	(27.1)	(65.6)	—
Payment of financing costs and debt					
premiums . . . . .	(0.6)	(0.3)	(0.2)	—	(1.1)
Other financing activities, net . . . . .	8.7	—	—	—	8.7
Net cash provided (used) by					
financing activities . . . . .	100.9	(1.9)	(72.3)	(65.6)	(38.9)
Effect of exchange rates on cash					
and cash equivalents . . . . .	0.9	0.4	—	(0.4)	0.9
Net increase (decrease) in cash					
and cash equivalents . . . . .	(5.1)	—	244.5	1.4	240.8
Cash and cash equivalents:					
Beginning of period . . . . .	10.3	—	191.9	4.1	206.3
End of period . . . . .	£ 5.2	£ —	£ 436.4	£ 5.5	£ 447.1

**VIRGIN MEDIA INC.**  
(See note 1)  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2013, 2012 and 2011**

Statements of cash flows	Predecessor (a)				
	Year ended December 31, 2012				
	Predecessor Company	Virgin Media Secured Finance	Guarantors	Non- Guarantors	Total
	in millions				
Cash flows from operating activities:					
Net cash provided (used) by operating activities . . . . .	£ (91.5)	£ 1.5	£ 1,167.9	£ 121.0	£ 1,198.9
Cash flows from investing activities:					
Capital expenditures . . . . .	—	—	(678.0)	(104.5)	(782.5)
Other investing activities, net . . .	—	—	2.6	(3.1)	(0.5)
Net cash used by investing activities . . . . .	—	—	(675.4)	(107.6)	(783.0)
Cash flows from financing activities:					
Repayments and repurchases of debt and capital lease obligations . . . . .	—	—	(1,414.9)	—	(1,414.9)
Borrowings of debt . . . . .	—	—	1,454.7	—	1,454.7
Investments from (loans to) parent and subsidiary companies . . . . .	436.5	(1.3)	(405.5)	(29.7)	—
Net cash paid related to derivative instruments . . . . .	—	—	(26.0)	—	(26.0)
Payment of financing costs and debt premiums . . . . .	—	(0.2)	(164.9)	—	(165.1)
Repurchase of common stock . . .	(330.2)	—	—	—	(330.2)
Other financing activities, net . . .	(19.1)	—	—	—	(19.1)
Net cash provided (used) by financing activities . . . . .	87.2	(1.5)	(556.6)	(29.7)	(500.6)
Effect of exchange rates on cash and cash equivalents . . . . .	(1.6)	—	(7.8)	—	(9.4)
Net decrease in cash and cash equivalents . . . . .	(5.9)	—	(71.9)	(16.3)	(94.1)
Cash and cash equivalents:					
Beginning of period . . . . .	16.2	—	263.8	20.4	300.4
End of period . . . . .	£ 10.3	£ —	£ 191.9	£ 4.1	£ 206.3

(a) As retrospectively revised — see note 2.

**VIRGIN MEDIA INC.**  
(See note 1)  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2013, 2012 and 2011**

Statements of cash flows	Predecessor				
	Year ended December 31, 2011				
	Predecessor Company	Virgin Media Secured Finance	Guarantors	Non- Guarantors	Total
	in millions				
Cash flows from operating activities:					
Net cash provided (used) by					
operating activities . . . . .	£ (56.1)	£ —	£ 1,129.7	£ 74.8	£ 1,148.4
Cash flows from investing activities:					
Capital expenditures . . . . .	—	—	(617.0)	(39.7)	(656.7)
Sale of equity investments, net . . . . .	—	—	—	243.4	243.4
Loan repayment from equity					
investment . . . . .	—	—	—	108.2	108.2
Other investing activities, net . . . . .	—	—	2.3	(11.9)	(9.6)
Net cash provided (used) by					
investing activities . . . . .	—	—	(614.7)	300.0	(314.7)
Cash flows from financing activities:					
Repayments and repurchases of debt					
and capital lease obligations . . . . .	—	—	(1,395.0)	—	(1,395.0)
Borrowings of debt . . . . .	—	951.5	50.0	—	1,001.5
Investments from (loans to) parent					
and subsidiary companies . . . . .	621.6	(941.0)	695.1	(375.7)	—
Net cash received related to					
derivative instruments . . . . .	—	—	68.3	—	68.3
Payment of financing costs and debt					
premiums . . . . .	—	(10.5)	(29.5)	—	(40.0)
Repurchase of common stock . . . . .	(635.0)	—	—	—	(635.0)
Other financing activities, net . . . . .	(13.6)	—	—	—	(13.6)
Net cash used by financing					
activities . . . . .	(27.0)	—	(611.1)	(375.7)	(1,013.8)
Effect of exchange rates on cash					
and cash equivalents . . . . .	(2.0)	—	3.0	—	1.0
Net decrease in cash and cash					
equivalents . . . . .	(85.1)	—	(93.1)	(0.9)	(179.1)
Cash and cash equivalents:					
Beginning of period . . . . .	101.3	—	356.9	21.3	479.5
End of period . . . . .	£ 16.2	£ —	£ 263.8	£ 20.4	£ 300.4

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# Virgin Media Secured Finance PLC

**£300,000,000 5<sup>1</sup>/<sub>8</sub>% Senior Secured Notes due 2025**

# Virgin Media Finance PLC

**\$400,000,000 5<sup>3</sup>/<sub>4</sub>% Senior Notes due 2025**

**€460,000,000 4<sup>1</sup>/<sub>2</sub>% Senior Notes due 2025**



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