

**Liberty Global Europe Limited**  
(Registered number 3422231)

Directors' report and financial statements  
31 December 2007



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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2007

### Principal activities

The principal activity of the company is to provide assistance and services in respect of financial, organisational, personnel, marketing and administrative matters to UPC Broadband Operations B V , a wholly owned subsidiary of UPC Holding B V ("UPC")

UPC is a wholly owned subsidiary of Liberty Global Europe Inc ("LGE Inc"), which is a subsidiary of UnitedGlobalCom Inc. ("UGC") The ultimate parent company is Liberty Global Inc ("LGI")

The company is an integral part of the UPC group and during the year provided services exclusively to the group The company is currently reliant on its US based intermediate parent company, LGE Inc , for financial support for its working capital and capital expenditure requirements The directors believe that these funds will continue to be available for the foreseeable future and consequently have prepared the financial statements on a going concern basis

### Business review and future developments

As described above, the principal activity of the company is providing corporate services to the UPC Broadband division of LGI, which operates in eleven countries in Europe UPC Broadband provides video, high speed internet access and telephony services and operates cable networks in Western Europe and Central and Eastern Europe

As such, the level of the company's activities is principally driven by the requirements and activities of the UPC Broadband division

Turnover grew by 120.8%, increasing from £12,273,000 in the year ended 31 December 2006 to £27,102,000 in the year ended 31 December 2007

Administrative expenses similarly grew by 118.2% from £11,827,000 to £25,812,000 principally reflecting an increase in staff costs from £10,212,000 to £23,086,000

Operating profit grew by 189.2% from £446,000 in 2006 to £1,290,000 in 2007

The directors are satisfied with the performance of the company and the results that have been achieved The future growth of the company is dependent on the requirements of the UPC Broadband division, but the directors anticipate an increase in the company's operations over the next year

### Results and dividends

The results of the company are set out on page 6

The directors do not recommend the payment of a dividend (2006 £nil)

### Directors

The directors who served on the Board during the year and up to the date of this report were as follows

CHR Bracken  
AM Tuijten

## Directors' report *(continued)*

### Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

### Employee consultation

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through regular information bulletins, which seek to achieve a common awareness of the financial and economic factors affecting the performance of the business.

### Political and charitable contributions

The company made no political or charitable contributions during the year (2006 £nil).

### Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### Auditors

A resolution for the re-appointment of KPMG LLP, as auditors of the company, is to be proposed at the forthcoming AGM.

By order of the board



**CHR Bracken**  
Director

Michelin House  
81 Fulham Road  
London  
SW3 6RD

27 October 2008

## Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



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London  
EC4Y 8BB

## **Independent auditors' report to the members of Liberty Global Europe Limited**

We have audited the financial statements of Liberty Global Europe Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Independent auditors' report to the members of Liberty Global Europe Limited**  
*(continued)*

**Opinion**

**In our opinion**

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

*KPMG LLP*

**KPMG LLP**  
*Chartered Accountants*  
*Registered Auditor*

8 Salisbury Square  
London, EC4Y 8BB

*31 October* 2008

## Profit and loss account

for the year ended 31 December 2007

	Note	2007 £000	2006 £000
Turnover	2	27,102	12,273
Administrative expenses		(25,812)	(11,827)
<b>Operating profit</b>		<b>1,290</b>	<b>446</b>
Interest receivable and similar income	6	1	2
Interest payable and similar charges	7	(252)	(601)
<b>Profit/ (loss) on ordinary activities before taxation</b>	3	<b>1,039</b>	<b>(153)</b>
Tax (charge)/credit on profit/loss on ordinary activities	8	(184)	11
<b>Profit/(loss) for the financial year</b>		<b>855</b>	<b>(142)</b>

There are no recognised gains or losses other than the result set out above

All activities of the company have arisen from continuing operations

The historical cost profits/(losses) in the current and prior year are the same as those stated above

The accompanying notes on pages 8 to 19 are an integral part of these financial statements



## Balance sheet

at 31 December 2007

	Note	2007 £000	2006 £000
<b>Fixed assets</b>			
Tangible assets	9	1,685	2,201
<b>Current assets</b>			
Debtors	10	4,525	3,422
Cash at bank and in hand		4	4
		<u>4,529</u>	<u>3,426</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>(7,441)</u>	<u>(7,709)</u>
<b>Net current liabilities</b>		<u>(2,912)</u>	<u>(4,283)</u>
<b>Total assets less current liabilities</b>		<u>(1,227)</u>	<u>(2,082)</u>
<b>Net liabilities</b>		<u>(1,227)</u>	<u>(2,082)</u>
<b>Capital and reserves</b>			
Called up share capital	13	-	-
Profit and loss account	14	<u>(1,227)</u>	<u>(2,082)</u>
<b>Equity shareholders' deficit</b>	15	<u>(1,227)</u>	<u>(2,082)</u>

These financial statements were approved by the board of directors on 27 October 2008 and were signed on its behalf by



**CHR Bracken**  
Director

The accompanying notes on pages 8 to 19 are an integral part of these financial statements

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items, which are considered material in relation to the financial statements

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that its intermediate parent undertaking, UPC Holding B V ("UPC"), includes the company in its own published consolidated financial statements

As the company is a wholly owned subsidiary of UPC Broadband Holding B V , the company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties)

#### *Going concern*

The company forms part of the UPC group. The company provides services solely to the UPC group and is dependent on UPC and its parent company, Liberty Global Europe Inc ("LGE Inc"), for financial support. LGE Inc is, in turn, part of the Liberty Global Inc ("LGI") group.

On the basis of LGI management's plans, the directors believe that funds from LGI will continue to be available for the foreseeable future and consider it appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result should LGI or the company be unable to continue as a going concern.

#### *Turnover*

Turnover represents the value of services provided to group companies, net of trade discounts, VAT and other sales related taxes.

#### *Tangible fixed assets and depreciation*

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives at the following annual rates:

Computer equipment	-	33%
Fixtures, fittings and office equipment	-	33%

## Notes (continued)

### 1 Accounting policies (continued)

#### *Taxation*

The charge for tax is based on the result for the year and takes into account tax deferred due to timing differences between the treatment of certain items for tax and accounting purposes

Deferred tax assets are recognised to the extent that they are regarded as recoverable. Deferred tax assets are regarded as recoverable to the extent that on the basis of all available evidence, it can be regarded more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Except where otherwise required by accounting standards, full provision without discounting is made for all timing differences that have arisen but not reversed at the balance sheet date.

#### *Pension costs and other post-retirement benefits*

The company participates in a defined contribution pension scheme structured as a Group Personal Pension operated by a UK insurance company. Pension contributions payable in the year are expensed in the profit and loss account. Any difference between cash paid and amounts charged is either a prepayment or accrual.

#### *Share-based remuneration*

LGI provides share-based remuneration to certain key employees within the LGI group, some of which are employed by the company, including performance plans, stock options, stock appreciation rights ("SARS") and restricted stock (together "share-based remuneration").

It is currently LGI's intention to equity settle this share-based remuneration, however the value of amounts exercised by employees of the company pertaining to these awards is recharged by the group to the company.

Share-based remuneration for performance plans is accounted for as a liability based plan given that it is intended that a variable number of shares will be issued to settle the fixed obligation that will be determined at the end of the performance period. Share-based remuneration is recognized using the accelerated attribution method based on an assessment of the awards that are probable to be earned and is recorded as share-based remuneration, notwithstanding the fact that LGI could elect at a future date to cash settle all or any portion of vested awards under these plans.

Other share-based remuneration is measured at fair value and recognised as an expense in the profit and loss account. The excess of the charge to the profit and loss account for all share-based remuneration over amounts recharged by the group in respect of exercises is recorded in accruals and deferred income.

The fair value is measured at the date of grant using option-pricing models, taking into account the terms and conditions upon which awards are granted.

The fair value is recognised over the period in which employees become unconditionally entitled to the awards, subject to LGI's estimate of the number of awards which will lapse, either due to employees leaving the group prior to vesting or due to non-market based performance conditions not being met. Where an award has market-based performance conditions, the fair value of the amount reflects the probability of achieving these via the option pricing model. The total amount recognised in the profit and loss account as an expense is adjusted to reflect the actual number of awards that vest, except where forfeiture is due to the failure to meet market-based performance measures.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Share-based remuneration (continued)*

Share-based remuneration charges are recharged with other administrative expenses to UPC Broadband Operations B V under a Service Agreement

#### *Foreign currencies*

Transactions in foreign currencies are recorded at the rate of exchange at the date of transaction or, if appropriate, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at the date or, if appropriate, at the forward contract rate. All exchange rate differences are included in the profit and loss account.

#### *Operating leases*

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

### 2 Segmental information

The company has a single class of business, which is providing services to UPC Broadband Operations B V under a Service Agreement. UPC Broadband Operations B V in turn provides services to LGI group companies. Turnover is generated in the United Kingdom.

### 3 Profit/(loss) on ordinary activities before taxation

	2007 £000	2006 £000
<i>Profit/(loss) on ordinary activities before taxation is stated after charging.</i>		
Auditors' remuneration – audit of these financial statements	14	18
Depreciation - owned assets	1,226	813
	<u>1,240</u>	<u>831</u>

### 4 Remuneration of directors

The remuneration of directors was as follows (all amounts relate to CHR Bracken)

	2007 £000	2006 £000
Directors' emoluments	896	1,092
Share-based remuneration (see note 17)	5,559	954
Pensions	28	25
	<u>6,483</u>	<u>2,071</u>

**Notes (continued)**

**5 Staff numbers and costs**

The average number of persons employed by the company (including directors) during the year was as follows

	<b>Number of employees</b>	
	<b>2007</b>	<b>2006</b>
Administration	<b>48</b>	<b>46</b>

The aggregate payroll costs of these persons were as follows

	<b>2007</b>	<b>2006</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	<b>6,767</b>	<b>6,330</b>
Share-based remuneration (see note 17)	<b>15,179</b>	<b>2,910</b>
Social security costs	<b>792</b>	<b>741</b>
Other pension costs (see note 16)	<b>348</b>	<b>231</b>
	<b>23,086</b>	<b>10,212</b>

**6 Interest receivable and similar income**

	<b>2007</b>	<b>2006</b>
	<b>£000</b>	<b>£000</b>
Interest receivable - other	<b>1</b>	<b>2</b>

**7 Interest payable and similar charges**

	<b>2007</b>	<b>2006</b>
	<b>£000</b>	<b>£000</b>
Interest payable - other	<b>2</b>	<b>12</b>
Interest payable to group undertakings	<b>238</b>	<b>538</b>
Exchange loss	<b>12</b>	<b>51</b>
	<b>252</b>	<b>601</b>

**Notes (continued)**

**8 Taxation**

*Analysis of tax charge/(credit) for the year*

	2007 £000	2006 £000
<i>UK corporation tax.</i>		
Current tax for the year	-	45
Current tax for the year – group relief payable	622	-
Adjustment in respect of prior years	(392)	18
Total current tax	230	63
<i>Deferred tax</i>		
Current year	(314)	(74)
Adjustment in respect of prior years	268	-
Total deferred tax	(46)	(74)
Tax charge/(credit) on profit/loss on ordinary activities	184	(11)

The current tax charge for the year is lower (2006 higher) than the standard rate of corporation tax in the UK of 30% (2006 30%). The differences are explained below

	2007 £000	2006 £000
Profit/(loss) on ordinary activities before tax	1,039	(153)
Current tax at 30% (2006 30%)	312	(46)
<i>Effects of</i>		
Fixed asset timing differences	112	-
Other short term timing differences	234	-
Utilisation of brought forward losses	(48)	-
Expenses not deductible for tax	12	91
Adjustment in respect of prior years	(392)	18
Total current tax charge	230	63

**Notes (continued)**

**9 Tangible fixed assets**

	<b>Computer equipment</b>	<b>Fixtures, fittings and office equipment</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<i>Cost</i>			
At 1 January 2007	2,750	765	3,515
Transfers from group undertakings	23	687	710
<b>At 31 December 2007</b>	<b>2,773</b>	<b>1,452</b>	<b>4,225</b>
<i>Depreciation</i>			
At 1 January 2007	1,250	64	1,314
Charge for the year	817	409	1,226
<b>At 31 December 2007</b>	<b>2,067</b>	<b>473</b>	<b>2,540</b>
<i>Net book value</i>			
<b>At 31 December 2007</b>	<b>706</b>	<b>979</b>	<b>1,685</b>
At 31 December 2006	1,500	701	2,201

**10 Debtors**

	<b>2007 £000</b>	<b>2006 £000</b>
Prepayments and accrued income	62	50
Amounts owed by group undertakings	3,688	2,950
Other debtors	221	3
VAT repayment	-	13
Corporation tax	102	-
Deferred tax asset (see note 12)	452	406
	<b>4,525</b>	<b>3,422</b>

**Notes (continued)**

**11 Creditors amounts falling due within one year**

	2007 £000	2006 £000
Trade creditors	-	122
Amounts due to group undertakings	4,259	5,093
Other taxation and social security	168	183
Corporation tax	-	291
Other creditors	49	99
Share-based remuneration accrual	758	-
Other accruals and deferred income	2,207	1,921
	<u>7,441</u>	<u>7,709</u>

**12 Deferred taxation**

	Deferred tax asset £000	
At start of year	406	
Credit to the profit and loss for the year (note 8)	46	
	<u>452</u>	
At end of year		
	<u>452</u>	
	2007 £000	2006 £000
The amounts recognised for deferred taxation are comprised of		
Fixed asset timing differences	240	406
Share-based remuneration timing differences	212	-
	<u>452</u>	<u>406</u>

There are no unrecognised deferred tax assets

**13 Called up share capital**

	2007 £	2006 £
<i>Authorised</i>		
1,000 ordinary shares of £1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>
<i>Allotted, called up and fully paid</i>		
2 ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>



**Notes (continued)**

**14 Profit and loss account**

	<b>2007</b>	<b>2006</b>
	<b>£000</b>	<b>£000</b>
At start of year	<b>(2,082)</b>	<b>(1,940)</b>
Profit/(loss) for the financial year	<b>855</b>	<b>(142)</b>
	<hr/>	<hr/>
<b>At end of year</b>	<b>(1,227)</b>	<b>(2,082)</b>
	<hr/>	<hr/>

**15 Reconciliation of movements in equity shareholders' deficit**

	<b>2007</b>	<b>2006</b>
	<b>£000</b>	<b>£000</b>
Opening equity shareholders' deficit	<b>(2,082)</b>	<b>(1,940)</b>
Profit/(loss) for the financial year	<b>855</b>	<b>(142)</b>
	<hr/>	<hr/>
<b>Closing equity shareholders' deficit</b>	<b>(1,227)</b>	<b>(2,082)</b>
	<hr/>	<hr/>

**16 Pension scheme**

The company participates in a defined contribution pension scheme structured as a Group Pension Plan, operated by a UK insurance company. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £347,934 (2006 £231,196)

## Notes (continued)

### 17 Share-based remuneration

LGI provides share-based remuneration to certain key employees within the LGI group, some of which are employed by the company, including performance plans, stock options, stock appreciation rights ("SARS") and restricted stock (together "share-based remuneration"). Information with respect to these share-based remuneration awards is provided below. Further details are available and are disclosed in the LGI consolidated financial statements (see note 18).

	2007 £000	2006 £000
<i>Share-based remuneration comprises:</i>		
LGI Series A and Series C common stock		
LGI Performance Plans	9,136	-
Stock options, SARS, restricted stock and restricted stock units (see LGI Incentive Plan below)	6,043	2,910
	<u>15,179</u>	<u>2,910</u>

#### *LGI Performance Plans*

LGI operates two performance-based incentive plans – the LGI Senior Executive Performance Plan, for senior executive officers, and the LGI Management Performance Plan, for certain management-level employees not participating in the LGI Senior Executive Performance Plan.

Certain employees of the company are participants of either the LGI Senior Executive Performance Plan or the LGI Management Performance Plan (together "the LGI Performance Plans").

The LGI Performance Plans are five year plans, with a two year performance period commencing on 1 January 2007 and a three year service period commencing on 1 January 2009. At the end of the two year performance period, each participant may become eligible to receive varying percentages of the maximum achievable award specified for such participant based on achievement of specified compound annual growth rates in LGI consolidated operating cash flow, adjusted for events such as acquisitions, disposals and changes in foreign currency exchange rates that affect comparability ("OCF CAGR").

If OCF CAGR is less than 12%, no participant will be eligible to receive any amount under the LGI Performance Plans. At OCF CAGRs ranging from 12% to 17%, the percentages of the maximum achievable awards that participants will become eligible to receive will range from 50% to 100%, subject to the other requirements of the LGI Performance Plans, which include assessment of the participant's individual job performance during the performance period.

Awards will be paid or will vest during the following three year period and will be subject to forfeiture upon certain events of termination of employment or acceleration in certain circumstances. The unpaid balance of an award may also be reduced based on assessment of the participant's individual job performance during the service period. Awards may be settled in cash, restricted or unrestricted LGI Series A and Series C common stock or any combination thereof, although it is currently the LGI intention to settle using restricted or unrestricted shares.

## Notes (continued)

### 17 Share-based remuneration (continued)

#### *LGI Performance Plans (continued)*

Payments will be made or will vest in six equal semi-annual instalments on 31 March and 30 September commencing on 31 March 2009. Participants in the LGI Senior Executive Performance Plan will generally not be eligible to receive any other share-based remuneration awards that would otherwise be granted in 2007 and 2008.

#### *LGI Incentive Plan*

Participants of the LGI Incentive Plan ("LGI IP") include certain employees of the company. The LGI IP is designed to provide additional remuneration to certain employees for exceptional service and to encourage their investment in LGI. Non-qualified stock options, SARS and restricted shares/units have been granted to employees of the company under this plan.

The following table summarizes certain information related to awards granted and exercised under the LGI IP and UGC incentive plan (options, restricted stock and SARS were granted to employees and directors of UnitedGlobalCom Inc ("UGC") (together "Incentive Plans") prior to the merger transaction with LGI on 15 June 2005 ("LGI Combination"), including employees of the company). The information provided is in respect of the consolidated LGI plan and is not specific to awards granted to or exercised by participants who are employed by the company.

	2007	2006
<b>LGI Series A, (Series B) and Series C common stock:</b>		
<i>Assumptions used to estimate fair value of awards granted</i>		
Risk-free interest rate	4.56 – 5.02%	4.58 – 5.20%
Expected life	4.5 – 6.0 years	4.5 – 6.0 years
Expected volatility	22.40 – 25.20%	24.80 – 29.60%
Expected dividend yield	None	None
<i>Weighted average grant-date fair value per share of awards granted</i>		
Options	\$10.69	\$6.52
SARS	\$10.19	\$6.36
Restricted stock	\$36.46	\$20.28
<i>Total intrinsic value of awards exercised</i>		
Options	\$44.4	\$10.9
SARS	\$75.0	\$22.4

With limited exceptions, no person may be granted in any calendar year awards covering more than four million shares of LGI common stock. In addition, no person may receive payment for cash awards during any calendar year in excess of \$10 million. Shares of LGI common stock to be issued pursuant to awards made under Incentive Plans are made available from either authorized but un-issued shares or shares that have been issued but repurchased by LGI. Options and SARS under the LGI IP issued prior to the LGI Combination generally vest at a rate of 20% per year on each anniversary of the grant date and expire 10 years after the grant date.

## Notes (continued)

### 17 Share-based remuneration (continued)

#### LGI Incentive Plan (continued)

Options and SARS under the LGI IP issued after the LGI Combination generally vest 12.5% on the six month anniversary of the grant date and then vest at a rate of 6.25% per quarter thereafter and expire seven years after the grant date.

The following tables summarize the activity during 2007 in LGI stock awards under the Incentive Plans. The number of shares represents the number of shares in respect of the company's employees only, whereas the weighted average exercise price and weighted average remaining contractual term is in respect of the consolidated LGI plan.

	Number of shares	Weighted average exercise price	Weighted average remaining contractual term in years
<b>Options – LGI Series A and C common stock:</b>			
Outstanding at 1 January 2007	22,606	\$19.58	
Granted	-	-	
Exercised	-	-	
Cancelled or forfeited	-	-	
	<hr/>	<hr/>	
Outstanding at 31 December 2007	<b>22,606</b>	<b>\$19.58</b>	<b>4.9</b>
	<hr/>	<hr/>	<hr/>
<b>SARS – LGI Series A and C common stock:</b>			
Outstanding at 1 January 2007	2,103,504	\$15.16	
Granted	293,298	\$36.43	
Exercised	(814,228)	\$14.68	
Cancelled or forfeited	-	-	
	<hr/>	<hr/>	
Outstanding at 31 December 2007	<b>1,582,574</b>	<b>\$18.60</b>	<b>5.6</b>
	<hr/>	<hr/>	<hr/>
<b>Restricted stock and restricted stock units – LGI Series A and C common stock</b>			
Outstanding at 1 January 2007	150,632	\$20.82	
Granted	89,502	\$36.46	
Released from restrictions	(52,562)	\$22.83	
Cancelled or forfeited	-	-	
	<hr/>	<hr/>	
Outstanding at 31 December 2007	<b>187,572</b>	<b>\$27.16</b>	<b>2.6</b>
	<hr/>	<hr/>	<hr/>

## **Notes** *(continued)*

### **18 Parent undertaking and controlling party**

The results of the company are consolidated in a group that is headed by UPC Holding B V, its intermediate parent company, incorporated in The Netherlands, whose principal business is at Boeing Avenue 53, 1119 PE Schiphol Rijk, Amsterdam, The Netherlands, where consolidated financial statements of this group are available to the public

The ultimate parent company is Liberty Global Inc, whose headquarters are in the USA and whose consolidated financial statements are publicly available through the company's filings with the US Securities and Exchange Commission