Liberty Global Europe Limited
(Registered number 3422231)

Directors' report and financial statements
31 December 2012

Contents

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2012

Principal activities

The principal activity of the company is to provide assistance and services in respect of financial, strategic, organisational, personnel, marketing and administrative matters to Liberty Global Services B V , an indirectly wholly owned subsidiary of UPC Holding B V ("UPC") UPC is an indirectly 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 LGI group and during the year provided services exclusively to the group The company is currently reliant on its parent company, Liberty Global Europe Holding BV , 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 Liberty Global Europe division of LGI, which operates in eleven countries in Europe Liberty Global Services B V 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 Liberty Global Europe division

Turnover increased by 21%, increasing from £21,955,000 in the year ended 31 December 2011 to £26,534,000 in the year ended 31 December 2012

Administrative expenses increased by 22% from £20,234,000 to £24,675,000

Operating profit grew by 8% from £1,721,000 in 2011 to £1,859,000 in 2012

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 Liberty Global Europe 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 5

The directors do not recommend the payment of a dividend *(2011 £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
Jeremy Evans

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 *(2011 £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

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board

38 Hans Crescent
London
SW1X 0LZ

CHR Bracken
Director

31st October 2013

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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 general accepted accounting practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss for that period In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 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

Independent auditor's 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 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes set out on pages 6 to 20 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006 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 auditor's 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

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view
Our responsibility is to audit and express an opinion on the financial statements in accordance with relevant law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www frc org uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of the profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Steve Masters

Stephen Masters (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

31st October 2013

15 Canada Square
London
E14 5GL

Profit and loss account

for the year ended 31 December 2012

	Note	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Turnover	1	26,534	21,955
Administrative expenses		(24,675)	(20,234)
Operating profit		1,859	1,721
Interest payable and similar charges	6	(1,625)	(613)
Profit on ordinary activities before taxation	3	234	1,108
Tax credit/(charge) on profit on ordinary activities	7	258	3,298
Profit for the financial year		492	4,406

The company has no recognised gains or losses other than those included in the profit and loss account and therefore no separate statement of total recognised gains and losses has been presented

All results of the company have arisen from continuing activities

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

The accompanying notes on pages 7 to 21 are an integral part of these financial statements

Balance sheet

at 31 December 2012

	Note	31 December 2012 £'000	31 December 2011 £'000
Fixed assets			
Tangible assets	8	2,308	185
Current assets			
Debtors	9	24,004	21,652
Cash at bank and in hand		-	70
		24,004	21,722
Creditors:			
Amounts falling due within one year	10	(38,251)	(28,338)
Net current liabilities		(14,247)	(6,616)
Net liabilities		(11,939)	(6,431)
Capital and reserves			
Called up share capital	12	-	-
Other reserves	13	(21,279)	(15,279)
Profit and loss account	14	9,340	8,848
Equity shareholders' funds	15	(11,939)	(6,431)

These financial statements were approved by the board of directors on 31st October 2013 and were signed on its behalf by

CHR Bracken
Director

The accompanying notes on pages 7 to 21 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, Liberty Global Europe Holding BV, includes the company in its own published consolidated financial statements

As the company is a wholly owned subsidiary of Liberty Global Europe Holding BV , 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) The consolidated financial statements of Liberty Global Europe Holding BV within which this company is included, can be obtained from the address given in note 18

Going Concern

The company has net liabilities of £11,939,487 as at the balance sheet date The directors consider that the Company has access to sufficient funding to meet its needs for the reasons set out below Accordingly, the directors have prepared the financial statements on a going concern basis The company is expected to continue to generate positive cash flows on its own account for the foreseeable future

The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries

The directors, having assessed the responses of the directors of the company's parent Liberty Global Europe Holding BV to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Liberty Global Europe Holding group to continue as a going concern or its ability to continue with the current banking arrangements

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of Liberty Global Europe Holding BV, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

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

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

It is currently Liberty Global'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 was 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 Liberty Global 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 Liberty Global'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 Liberty Global Services 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 Liberty Global Operations B V under a Service Agreement Liberty Global Operations B V in turn provides services to LGI group companies Turnover is generated in the United Kingdom (2011 United Kingdom)

3 Profit on ordinary activities before taxation

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Profit on ordinary activities before taxation is stated after charging:		
Auditor's remuneration – audit of these financial statements	14	14
Other Services	1	1
Depreciation		
- owned assets	64	14

Notes *(continued)*

4 Remuneration of directors

The remuneration of directors was as follows

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Directors' emoluments	1,460	1,295
Share-based remuneration (see note 17)	3,953	11,054
Pensions	59	44
	5,472	12,393

5 Staff numbers and costs

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

	Year ended 31 December 2012 Number of employees	Year ended 31 December 2011 Number of employees
Administration	52	44

The aggregate payroll costs of these persons were as follows	£'000	£'000
Wages and salaries	11,283	6,962
Share-based remuneration	7,923	9,746
Social security costs	853	645
Other pension costs (see note 16)	365	318
	20,424	17,671

The cost of share based remuneration of £7,923,000 disclosed above includes employer's national insurance of £1,567,000

Notes *(continued)*

6 Interest payable and similar charges

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Interest payable - other	2	2
Interest payable to group undertakings	1,619	609
Exchange loss	4	2
	1,625	613

7 Taxation

Analysis of tax (credit) / charge for the year

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
UK corporation tax charge:		
Current tax for the year – group relief payable/(receivable)	(1,151)	(1,358)
Adjustment in respect of prior years	(506)	630
Total current tax credit	(1,657)	(728)
Deferred tax		
Current year	967	(3,175)
Adjustment in respect of prior years	432	605
Total deferred tax	1,399	(2,570)
Tax (credit) / charge on profit on ordinary activities	(258)	(3,298)

The current tax credit for the year is higher *(2011 higher)* than the standard rate of corporation tax in the UK of 24 5% *(2011 26 5%)* The differences are explained below

A reduction in the UK corporation tax rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively This will reduce the company's future current tax charge accordingly The deferred tax asset at 31 December 2012 has been calculated based on the rate of 23% substantively enacted at the balance sheet date

Notes *(continued)*

7 Taxation *(continued)*

The March 2013 Budget announced that the rate will further reduce to 20% by 2015 in addition to the planned reduction to 21% by 2014 previously announced in the December 2012 Autumn Statement The reductions to 21% and 20% were substantively enacted on 17 July 2013 It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax asset accordingly

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Profit on ordinary activities before tax	234	1,108
Current tax at 24 5% (2011 26 5%)	57	294
Effects of		
Fixed asset timing differences	16	4
Other short term timing differences	(1,230)	(1,669)
Expenses not deductible for tax	6	13
Adjustment in respect of prior years	(506)	630
Total current tax credit	(1,657)	(728)

Notes *(continued)*

8 Tangible fixed assets

	Buildings £'000	Computer Equipment £'000	Fixtures and Fittings £'000	Total £'000
Cost				
At 1 January 2012	-	570	12	582
Additions	1,629	53	505	2,187
Disposals				-
At 31 December 2012	1,629	**623**	**517**	**2,769**
Depreciation				
At 1 January 2012	-	386	11	397
Depreciation charge for the year		64	-	64
Disposals				-
At 31 December 2012	-	**450**	**11**	**461**
Net Book Value				
At 31 December 2012	**1,629**	**173**	**506**	**2,308**
At 1 January 2012	-	184	1	185

9 Debtors

	31 December 2012 £'000	31 December 2011 £'000
Prepayments and accrued income	203	118
Amounts owed by group undertakings	15,422	11,804
Other debtors	31	5
VAT repayment	37	16
Deferred tax asset (see note 11)	8,311	9,709
	24,004	21,652

Notes *(continued)*

10 Creditors: amounts falling due within one year

	31 December 2012 £'000	31 December 2011 £'000
Trade creditors	128	102
Amounts due to group undertakings	34,304	27,617
Other taxation and social security	439	279
Other accruals and deferred income	3,380	340
	38,251	28,338

11 Deferred taxation

	31 December 2012 £'000	31 December 2011 £'000
The amounts recognised for deferred taxation are comprised of		
Fixed asset timing differences	316	346
Other timing differences	3,452	4,474
Share-based remuneration timing differences	4,543	4,889
	8,311	9,709

There are no unrecognised deferred tax assets

Notes *(continued)*

12 Called up share capital

	31 December 2012 £	31 December 2011 £
Allotted, called up and fully paid		
2 (2011 2) ordinary shares of £1 each	2	2

13 Other reserves

	31 December 2012 £'000	31 December 2011 £'000
At start of year	(15,279)	(1,380)
LGI Stock issued in the year	6,357	7,112
LGI Stock charges in the year	(12,357)	(21,011)
At end of year	(21,279)	(15,279)

14 Profit and loss account

	31 December 2012 £'000	31 December 2011 £'000
At start of year	8,848	4,442
Profit for the financial year	492	4,406
At end of year	9,340	8,848

15 Reconciliation of movements in equity shareholders' funds/(deficit)

	31 December 2012 £'000	31 December 2011 £'000
Opening equity shareholders' funds / (deficit)	(6,431)	3,062
Movements in other reserves	(6,000)	(13,899)
Profit for the financial year	492	4,406
Closing equity shareholders' funds / (deficit)	(11,939)	(6,431)

Notes *(continued)*

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 £364,968 *(2011 £318,189)*

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"), restricted stock and restricted stock units (together "share-based remuneration") Information with respect to these share-based remuneration awards is provided below

	31 December 2012 £'000	31 December 2011 £'000
Share-based remuneration comprises.		
LGI Series A and Series C common stock		
LGI Performance Plans	-	1,016
Stock options, SARS, restricted stock and restricted stock units (see LGI Incentive Plan below)	6,357	6,096
	6,357	7,112

Full details of the schemes and how they operate are set out in the LGI consolidated financial statements which are included in the 10-K, filed with the SEC on 13th February 2013 (note 19), are set out below

Notes *(continued)*

17 Share-based remuneration *(continued)*

The following table summarizes certain information related to the incentive awards granted and exercised with respect to LGI common stock

	Year ended 31 December 2012	Year ended 31 December 2011
LGI Series A, (Series B) and Series C common stock:		
Assumptions used to estimate fair value of awards granted		
Risk-free interest rate	0 37 – 1 68%	0 82 – 3 31%
Expected life	3 3 – 7 9 years	3 4 – 8 7 years
Expected volatility	28 0 – 40 4%	35 5 – 45 6%
Expected dividend yield	None	None
Weighted average grant-date fair value per share of awards granted		
Options	$20 00	$21 41
SARS	$14 36	$15 02
Restricted stock	$49 14	$44 79
Performance Stock Units	$50 18	$39 98
Total intrinsic value of awards exercised (in millions)		
Options	$43 90	$93 80
SARS	$52 00	$39 20

The LGI Incentive Plan

General The LGI Incentive Plan is administered by the compensation committee of LGI's board of directors The compensation committee has full power and authority to grant eligible persons the awards described below and to determine the terms and conditions under which any awards are made The incentive plan is designed to provide additional remuneration to certain employees and independent contractors for exceptional service and to encourage their investment in LGI The compensation committee may grant non-qualified stock options, SARs, restricted shares, restricted share units, cash awards, performance awards or any combination of the foregoing under this incentive plan (collectively, awards)

The maximum number of shares of LGI common stock with respect to which awards may be issued under the incentive plan is 50 million, subject to anti-dilution and other adjustment provisions of the LGI Incentive Plan, of which no more than 25 million shares may consist of LGI Series B common stock With limited exceptions, no person may be granted in any calendar year awards covering more than four million shares of our common stock, of which no more than two million shares may consist of LGI Series B common stock In addition, no person may receive payment for cash awards during any calendar year in excess of $10 million Shares of our common stock issuable pursuant to awards made under the incentive plan are made available from either authorized but unissued shares or shares that have been issued but reacquired by our company Awards under the LGI Incentive Plan issued prior to June 2005 are fully vested and expire 10 years after the grant date Awards (other than performance-based awards) under the LGI Incentive Plan issued after June 2005 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 The LGI Incentive Plan had 8,778,271 shares available for grant as of December 31, 2012

Notes *(continued)*

17 Share-based remuneration *(continued)*

LGI Performance Plans The LGI Senior Executive Performance Plan and the LGI Management Performance Plan (collectively the LGI Performance Plans) were five-year performance-based incentive plans for our senior executives and certain key employees, respectively The LGI Performance Plans had a two-year performance period, which began January 1, 2007, and a three-year service period, which began January 1, 2009 At the end of the two-year performance period, each participant became eligible to receive varying percentages of the maximum achievable award specified for such participant based on our achievement of a specified compound annual growth rate (CAGR) in consolidated operating cash flow, 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 performance period

Following completion of the performance period, on February 18, 2009, the compensation committee determined that an OCF CAGR of approximately 15 5% had been achieved during the performance period Based on this determination and after deducting forfeited awards, participants in the LGI Performance Plans that met minimum annual performance rating levels earned $316 5 million or 87 4% of their aggregate maximum achievable awards Earned awards were to be paid in six equal semi-annual installments on each March 31 and September 30 commencing on March 31, 2009, subject to forfeiture upon certain events of termination of employment or acceleration in certain circumstances The first two installments of the awards were settled during 2009 with a combination of cash and restricted share units

On February 16, 2010, the compensation committee determined the method of payment for the four remaining instalments of the awards that had been earned In accordance with the compensation committee's determination, we (i) paid cash aggregating $50 9 million, together with 32,802 restricted plan shares (as defined in the LGI Performance Plans) of LGI Series A common stock and 31,708 restricted plan shares of LGI Series C common stock to settle the March 31, 2010 instalment, and (ii) granted an aggregate of 3,248,061 restricted plan shares of LGI Series A common stock and 3,139,707 restricted plan shares of LGI Series C common stock to settle the remaining balance of each participant's earned award, which shares vest in three equal instalments In accordance with the LGI Performance Plans, restricted plan shares may be restricted shares or restricted share units The restricted plan shares issued in relation to the March 31, 2010 and September 30, 2010 instalments vested in full on those dates and the remaining restricted plan shares vested in equal instalments on March 31, 2011 and September 30, 2011. For purposes of determining the number of restricted plan shares to be granted, the compensation committee valued the restricted plan shares at the respective closing market prices for LGI Series A and Series C common stock on February 16, 2010 The decision by the compensation committee to settle the final three instalments of each earned award with restricted plan shares represented a modification that resulted in the reclassification of this portion of the earned awards from a liability to equity during the first quarter of 2010

Compensation expense under the LGI Performance Plans was (i) recognized using the accelerated attribution method based on our assessment of the awards that were probable to be earned and (ii) reported as stock-based compensation in our consolidated statement of operations, notwithstanding the fact that the compensation committee elected to cash settle a portion of the vested awards under the LGI Performance Plans

LGI PSUs In March 2010, the compensation committee determined to modify the equity incentive award component of our 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 share of Series A common stock or Series C common stock, as applicable, subject to performance and vesting

Notes *(continued)*

17 Share-based remuneration *(continued)*

During 2010, the compensation committee approved the grant to our executive officers and certain key employees of a total of 692,678 LGI Series A PSUs and 692,678 LGI Series C PSUs pursuant to the LGI Incentive Plan The performance period for these PSUs (the 2010 PSUs) was January 1, 2010 to December 31, 2011 The final performance target as adjusted by the compensation committee was the achievement of a Target OCF CAGR (as defined in the grant agreement) of approximately 7% for the two-year performance period, determined by comparing 2011 Adjusted OCF to 2009 Adjusted OCF (each as defined in the grant agreement) In February 2012, the compensation committee determined that an OCF CAGR of 5 7% was achieved with respect to the 2010 PSUs, resulting in award recipients earning approximately 87 5% of their 2010 PSUs One-half of the earned 2010 PSUs vested on March 31, 2012 and the balance vested on September 30, 2012

During 2011, the compensation committee approved the grant to LGI's executive officers and certain key employees of a total of 513,268 LGI Series A PSUs and 513,268 LGI Series C PSUs pursuant to the LGI Incentive Plan The performance period for these PSUs (the 2011 PSUs) is January 1, 2011 to December 31, 2012 The performance target selected by the committee is the achievement of a Target OCF CAGR (as defined in the grant agreement) of approximately 4 5% for the two-year performance period, determined by comparing 2012 Adjusted OCF to 2010 Adjusted OCF (each as defined in the grant agreement), and subject to upward or downward adjustment for certain events in accordance with the terms of the grant agreement A performance range of 75% to 125% of the Target OCF CAGR would generally result in award recipients earning 50% to 150% of their 2011 PSUs, subject to reduction or forfeiture based on individual performance One-half of the earned 2011 PSUs were originally scheduled to vest on March 31, 2013 and the remaining 2011 PSUs were originally scheduled to vest on September 30, 2013 On December 31, 2012, the compensation committee certified that the base performance objective for the two-year performance period had been achieved and approved (i) the acceleration of the vesting of 173,612 of the then outstanding 2011 PSUs from March 31, 2013 to December 31, 2012 and (ii) the issuance of 173,622 restricted stock awards with a vesting date of September 30, 2013 in exchange for a corresponding number of the 2011 PSUs The number of the 2011 PSUs that became vested on December 31, 2012, and the number of restricted share awards that were issued on that date, were based on the compensation committee's preliminary assessment that an OCF CAGR of 5 1% will be achieved with respect to the 2011 PSUs, resulting in an expectation that award recipients will earn approximately 91% of their 2011 PSUs To the extent that the actual OCF CAGR for the 2011 PSUs differs from the preliminary OCF CAGR, the number of restricted share units issued to each award recipient will be adjusted accordingly The above changes to the 2011 PSUs did not have a material impact on our stock-based compensation expense during the fourth quarter of 2012

During 2012, LGI's compensation committee granted to its executive officers and certain key employees a total of 427,960 LGI Series A PSUs and 427,960 LGI Series C PSUs pursuant to the LGI Incentive Plan Each PSU represents the right to receive one share of Series A common stock or Series C common stock, as applicable, subject to performance and vesting The performance period for these PSUs (the 2012 PSUs) is January 1, 2012 to December 31, 2013 As the performance measure, the compensation committee selected the OCF CAGR from 2011 to 2013, as adjusted for events such as acquisitions, dispositions and changes in foreign currency exchange rates and accounting principles or policies that effect comparability The target OCF CAGR selected by the committee was based upon a comparison of LGI's 2011 actual results to those reflected in our then existing long-range plan for 2013 of the grant agreement A performance range of 75% to 125% of the target OCF CAGR would generally result in award recipients earning 50% to 150% of their 2012 PSUs, subject to reduction or forfeiture based on individual performance One-half of the earned 2012 PSUs will vest on March 31, 2014 and the balance will vest on September 30, 2014 The compensation committee also established a minimum OCF CAGR base performance objective, subject to certain limited adjustments, which must be satisfied in order for our named executive officers to be eligible to earn any of their 2012 PSUs

Compensation expense attributable to the 2012, 2011 and 2010 PSUs is recognized over the requisite service period of the awards

Notes *(continued)*

17 Share-based remuneration *(continued)*

The following tables summarize the stock award activity during the year ended December 31, 2012 with respect to LGI common stock

	Number of Shares	Weighted average exercise price	Weighted average remaining contractual term in years
Options – LGI Series A and C common stock.			
Outstanding at 1 January 2012	9,606	$18 54	
Granted	-	$0 00	
Exercised	(9,606)	$18 54	
Cancelled or forfeited	-	$0 00	
Outstanding at 31 December 2012	-	$0 00	-
Excersible at 31 December 2012	-		
SARS – LGI Series A and C common stock:			
Outstanding at 1 January 2012	1,170,361	$27 44	
Transfers	42,442	$9 15	
Granted	324,224	$49 38	
Exercised	(250,349)	$22 83	
Cancelled or forfeited	(10,724)	$36 63	
Outstanding at 31 December 2012	1,275,954	$33 23	4 5
Excersible at 31 December 2012	601,538		
Restricted stock and restricted stock units – LGI Series A and C common stock.			
Outstanding at 1 January 2012	111,952	$27 62	
Transfers	(12,570)	$31 97	
Granted	25,664	$49 27	
Released from restrictions	(62,840)	$26 84	
Cancelled or forfeited	(3,358)	$37 69	
Outstanding at 31 December 2012	58,848	$36 39	2 0
Performance stock awards - LGI Series A and C Common Stock			
Outstanding at 1 January 2012	342,406	$32 81	
Transfers	21,644	$32 57	
Granted	138,008	$50 26	
Released from restrictions	(188,456)	$27 82	
Cancelled or forfeited	(26,822)	$27 82	
Outstanding at 31 December 2012	286,780	$44 93	1 2

Notes *(continued)*

18 Parent undertaking and controlling party

The results of the company are consolidated by UPC Holding BV , its intermediate parent company, incorporated in The Netherlands, whose principal business is at Boeing Avenue 53, 1119 PE Schiphol Rijk, Amsterdam, The Netherlands Consolidated financial statements of UPC are available to the public on the LGI website, at www lgi com

The immediate parent company is Liberty Global Europe Holding BV The ultimate parent undertaking at 31 December 2012 was Liberty Global Inc , a company incorporated in Denver, USA The consolidated accounts of this group can be obtained from 12300 Liberty Boulevard, Englewood, CO 80112 On 7 June 2013, Liberty Global Inc moved domicile from the United States to the United Kingdom and became a subsidiary undertaking of a new parent company, Liberty Global Plc As of that date, Liberty Global Plc has therefore become the new ultimate parent undertaking of Liberty Global Europe Limited