

## IMPORTANT NOTICE

**THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QUALIFIED INSTITUTIONAL BUYERS UNDER RULE 144A AND ALSO QUALIFIED PURCHASERS UNDER THE INVESTMENT COMPANY ACT OR (2) NON-U.S. PERSONS OUTSIDE OF THE U.S. (AND, IF INVESTORS ARE RESIDENT IN A MEMBER STATE OF THE EUROPEAN ECONOMIC AREA, A QUALIFIED INVESTOR).**

**THE NOTES ARE NOT ELIGIBLE FOR PURCHASE BY OR USING THE ASSETS OF A BENEFIT PLAN INVESTOR OR ANY OTHER EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF ERISA) WHICH IS SUBJECT TO SIMILAR LAWS.**

**IMPORTANT: You must read the following before continuing.** The following applies to the preliminary offering circular (the “**Offering Circular**”) following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of this Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE “**U.S. SECURITIES ACT**”), OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S 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 APPLICABLE LAWS OF OTHER JURISDICTIONS.

THE FOLLOWING OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE U.S. SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

**Confirmation of your Representation:** In order to be eligible to view this Offering Circular or make an investment decision with respect to the securities, investors must be either (1) Qualified Institutional Buyers (within the meaning of Rule 144A under the U.S. Securities Act (“**Rule 144A**”)) (“**Qualified Institutional Buyers**” or “**QIBs**”) and also Qualified Purchasers (within the meaning of Section 2(a)(51) of, and Rules 2a51-1, 2a51-2 and 2a51-3 under, the U.S. Investment Company Act of 1940, as amended (the “**Investment Company Act**” or “**ICA**”)) (“**Qualified Purchasers**”) or (2) non-U.S. persons (within the meaning of Regulation S under the U.S. Securities Act (“**Regulation S**”)) outside the U.S.; provided that investors resident in a member state of the European Economic Area (the “**EEA**”) must be a qualified investor (within the meaning of Article 2(1)(e) of Directive 2003/71/EC as amended (including by Directive 2010/73/EU) and any relevant implementing measure in each EEA member state). This Offering Circular is being sent at your request and by accepting the e-mail and accessing this Offering Circular, you shall be deemed to have represented to us that (1) you and any customers you represent are either (a) QIBs who are Qualified Purchasers or (b) not a U.S. person and that the electronic mail address that you gave us and to which this Offering Circular has been delivered is not located in the U.S. (and if you are resident in an EEA member state, you are a qualified investor) and (2) that you consent to delivery of such Offering Circular by electronic transmission.

You are reminded that this Offering Circular has been delivered to you on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver this Offering Circular to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Initial Purchasers or any affiliate of the Initial Purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Initial Purchasers or such affiliate on behalf of the Issuer in such jurisdiction.

This Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and

consequently none of the Initial Purchasers, Virgin Media Receivables Financing Notes I Designated Activity Company, Virgin Media Investment Holdings Limited, Virgin Media Inc., Liberty Global Europe 2 Limited, Liberty Global plc or any person who controls them or any director, officer, employee or agent of any of theirs or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Initial Purchasers.

**Restrictions:** Any securities to be issued will not be registered under the U.S. Securities Act or the securities laws of any other jurisdiction and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Notwithstanding the foregoing, prior to the expiration of a 40-day distribution compliance period (as defined under Regulation S under the U.S. Securities Act) commencing on the Issue Date (as defined herein), the securities may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons, except pursuant to another exemption from the registration requirements of the U.S. Securities Act.

This communication is directed solely at persons who (i) are outside the United Kingdom or (ii) are investment professionals, as such term is defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “**Financial Promotion Order**”) (iii) are persons falling within Article 49(2)(a) to (d) of the Financial Promotion Order and (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services 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 Offering Circular must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Circular 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 Offering Circular or any of its contents.

Subject to Completion. Dated September 26, 2016

**CONFIDENTIAL  
PRELIMINARY OFFERING CIRCULAR**

**NOT FOR GENERAL CIRCULATION  
IN THE UNITED STATES**



**£350,000,000 % Receivables Financing Notes due 2024  
issued by**

**VIRGIN MEDIA RECEIVABLES FINANCING NOTES I DESIGNATED ACTIVITY COMPANY**

Application will be made to The Irish Stock Exchange plc (the “**Irish Stock Exchange**”) for the Notes (as defined below) to be admitted to the Irish Stock Exchange’s Official List (the “**Official List**”) and to trading on the Global Exchange Market. Application will be made to the Irish Stock Exchange for this Offering Circular (the “**Offering Circular**”) to be approved as listing particulars. Such approval relates only to the Notes which are to be admitted to trading on the Global Exchange Market. It is anticipated that listing will take place as soon as practicable after 2016 (the “**Issue Date**”). Virgin Media Receivables Financing Notes I Designated Activity Company, a designated activity company incorporated under the laws of Ireland with registered number 577958 (the “**Issuer**”), will issue the £350,000,000 % receivables financing notes due 2024 (the “**Notes**”) on or about the Issue Date.

The Notes will bear interest at the rate per annum equal to % as described herein. Interest will be payable in pounds sterling semi-annually in arrears on March 15 and September 15 of each year, commencing on March 15, 2017, subject to adjustment for non-business days (each, an “**Interest Payment Date**”). The initial Maturity Date (as defined herein) of the Notes will be September 15, 2024.

On or shortly following the Issue Date, the proceeds of the issuance of the Notes, minus the Initial Interest Reserve Amount (as defined herein) plus any upfront payments payable by Virgin Media Investment Holdings Limited (“**VMIH**”) under the New VM Facilities Agreement (as defined herein), will be used by the Issuer to finance the purchase of VM Accounts Receivable (as defined herein) pursuant to the Framework Assignment Agreement (as defined herein). To the extent that there are not sufficient VM Accounts Receivable available for purchase on the first Value Date (as defined herein), the Issuer will advance any excess proceeds from the issuance of the Notes to VMIH, as the borrower under the New VM Facilities Agreement, as Excess Cash Loans (as defined herein) under the Excess Cash Facility (as defined herein) pursuant to the New VM Facilities Agreement. On the Issue Date, the Issuer will also fund an Interest Facility Loan (as defined herein) under the Interest Facility (as defined herein to VMIH), in a principal amount equal to the Initial Interest Reserve Amount, and a loan in an aggregate principal amount equal to £2.0 million under the Issue Date Facility (as defined herein to VMIH), each pursuant to the New VM Facilities Agreement.

The Notes will be subject to tax redemption and illegality redemption. Additionally, the Notes may be redeemed at any time prior to September 15, 2019, at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest to the redemption date and the “make-whole” premium. The Notes may also be redeemed at any time on or after September 15, 2019, at the redemption prices described in Condition 6(e) (“**Redemption, Purchase and Cancellation; Approved Exchange Offer—Early Redemption Event on or after September 15, 2019**”), plus accrued and unpaid interest to the redemption date. Each of the foregoing redemptions are subject to the relevant provisions of Condition 6 (“**Redemption, Purchase and Cancellation; Approved Exchange Offer**”) under the Section of this Offering Circular entitled “**Terms and Conditions of the Notes**”.

Following a change of control as defined under the New VM Facilities Agreement, VMIH will be required to offer to prepay the New VM Facilities Loans (as defined herein). Following receipt of such prepayment offer, the Issuer will launch a consent solicitation to set (i) the Maturity Date of the Notes as the New Maturity Date (as defined herein) and (ii) the redemption price of the Notes on the New Maturity Date at 101% of the principal amount of the Notes (“**Accelerated Redemption Price**”), plus accrued and unpaid interest to the New Maturity Date, in accordance with the relevant provisions of Condition 6 (“**Redemption, Purchase and Cancellation; Approved Exchange Offer**”). If Noteholders of more than 50% of the aggregate principal amount of Notes consent to the foregoing requests, the Issuer will inform VMIH that it accepts the prepayment offer, and VMIH will prepay the New VM Facilities Loans at par, plus accrued and unpaid interest thereon, together with a payment equal to 1% of the principal amount of the Excess Cash Loans and Interest Facility Loans so prepaid. Following such prepayment, the Issuer will redeem all of the Notes on the New Maturity Date at the Accelerated Redemption Price, plus accrued and unpaid interest to the New Maturity Date. Additionally, the Notes may be redeemed prior to the Maturity Date in connection with an Approved Exchange Offer (as defined herein). See Conditions 6(j) and 6(k) (“**Redemption, Purchase and Cancellation; Approved Exchange Offer—Approved Exchange Offer**”).

The Issuer is dependent upon payments it receives in respect of the Assigned Receivables (as defined herein) and under the Framework Assignment Agreement, the New VM Facilities Agreement, the Expenses Agreement (as defined herein) and the related agreements to make payments on the Notes. The Issuer will apply payments it receives in respect of the Assigned Receivables, the Framework Assignment Agreement, the New VM Facilities Agreement, the Expenses Agreement and such related agreements, including in respect of principal and interest, to make payments on the Notes in accordance with Condition 7 (“**Payments**”) under the Section of this Offering Circular entitled “**Terms and Conditions of the Notes**”. Payment of principal and interest will be limited to the amount of funds available from time to time for that purpose in accordance with the terms of the Trust Deed (as defined herein).

The Notes will be limited recourse and senior obligations of the Issuer. The Notes will be secured by the security granted over the following (collectively, the “**Notes Collateral**”): (i) the Issuer’s rights, title, benefit and interest in, to and under the Assigned Receivables; (ii) the Issuer’s rights under all contracts, agreements, deeds and documents to which it is or may become a party or in respect of which it has or may have any right, title, benefit or interest (including, without limitation, the New VM Facilities Agreement, the Expenses Agreement, the Framework Assignment Agreement and the Issue Date Arrangements Agreement (as defined herein)); (iii) the Issuer Transaction Accounts (as defined herein), and all amounts at any time standing to the credit thereto; and (iv) all other present and future property, assets and undertakings of the Issuer, but excluding, for the purposes of (i) to (iv), the Irish Excluded Assets, in favor of BNY Mellon Corporate Trustee Services Limited (the “**Security Trustee**”) for the benefit of the Secured Parties (as defined herein) pursuant to the Notes Security Documents (as defined herein). None of Virgin Media Inc. (“**Virgin Media**”) nor any of its subsidiaries will guarantee or provide any security or any other credit support to the Issuer with respect to its obligations under the Notes. Other than under the limited circumstances described herein, Noteholders will not have a direct claim on the cash flow or assets of Virgin Media or any of its subsidiaries, and neither Virgin Media nor any of its subsidiaries has any obligation, contingent or otherwise, to pay amounts due under the Notes, or to make funds available to the Issuer for those payments, other than the obligations of (i) the Obligor (as defined herein) to make payments to the Issuer in respect of the Assigned Receivables, (ii) the Obligor to make payments to the Issuer in respect of the New VM Facilities Agreement or (iii) VMIH to make payments to the Issuer under the Expenses Agreement, and in each case of (i) to (iii) above, any agreements related thereto to which they are party.

Subject to certain conditions, the Issuer will be entitled, at its option and without the consent of the Noteholders, to issue further Notes (the “**Further Notes**”) having the same terms and conditions (except as to issue date and initial interest paid in respect of their first interest period) as, and being fungible with, the Notes. The expression “**Notes**” shall in this Offering Circular, unless the context otherwise requires, include the Notes as well as any “**Further Notes**”.

This Offering Circular does not constitute a Prospectus for the purpose of Article 5.4 of Directive 2003/71/EC (as amended) (the “**Prospectus Directive**”).

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or the securities laws of any State in the U.S. The Notes are being offered only (i) to non-U.S. persons outside the United States in reliance on Regulation S and (ii) in the United States to, or for the account or benefit of, persons that are (x) Qualified Institutional Buyers and also (y) Qualified Purchasers. Prospective purchasers are hereby notified that resales of the Notes may be made in reliance on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. Each purchaser of a Note will make (or in the case of a resale) be deemed to make certain acknowledgments, representations, warranties and certifications. For a description of certain restrictions on transfer, see “**Plan of Distribution**” and “**Transfer Restrictions**”.

The Notes are expected to be delivered to investors in book-entry form through Euroclear Bank S.A./ N.V. as operator of the Euroclear System (“**Euroclear**”) and Clearstream Banking société anonyme (“**Clearstream**”), on or about the Issue Date.

Credit Suisse Securities (Europe) Limited, Banca IMI S.p.A., Citigroup Global Markets Limited, Deutsche Bank AG, London Branch and ING Bank N.V., London Branch have agreed to subscribe to the Notes as initial purchasers and are collectively referred to herein as the “**Initial Purchasers**”. It is expected that delivery of the Notes to investors will be made in book-entry form through Euroclear and Clearstream on or about the Issue Date.

**Particular attention is drawn to the Section of this Offering Circular entitled “Risk Factors”.**

**Issue price for the Notes: %**

**Global Coordinator and Structuring Agent**

**Credit Suisse**

**Joint Bookrunners**

**Banca IMI**

**Citigroup**

**Deutsche Bank**

**ING**

The date of this Offering Circular is

2016.

**You should rely only on the information contained in this Offering Circular. Neither the Issuer or Virgin Media nor any of the Initial Purchasers (as defined herein) has authorized anyone to provide you with different information. Neither the Issuer or Virgin Media 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 Offering Circular is accurate at any date other than the date on the front of this Offering Circular.**

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Neither the Issuer nor Virgin Media has authorized any dealer, salesperson or other person to give any information or represent anything to you other than the information contained in this Offering Circular. You must not rely on unauthorized information or representations.

This Offering Circular does not offer to sell or ask for 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 Offering Circular 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 Offering Circular, Virgin Media does not represent that its affairs are the same as described or that the information in this Offering Circular is correct, nor does Virgin Media imply those things by delivering this Offering Circular or selling securities to you. Virgin Media will not guarantee or provide any credit support to the Issuer with respect to its obligations under the Notes.

The Issuer and the Initial Purchasers are offering to sell the Notes only in places where offers and sales are permitted.

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The Issuer is 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 Offering Circular. Any representation to the contrary is a criminal offense in the United States.

This Offering Circular is being provided for informational use solely in connection with consideration of a purchase of the Notes (i) to U.S. investors that the Issuer reasonably believes to be (x) Qualified Institutional Buyers as defined in Rule 144A under the U.S. Securities Act, and also (y) Qualified Purchasers within the meaning of Section 2(a)(51) of, and Rules 2a51-1, 2a51-2 and 2a51-3 under, the Investment Company Act, and (ii) to non-U.S. persons in offshore transactions complying with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act. Its use for any other purpose is not authorized. This Offering Circular may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents be disclosed to anyone other than the Qualified Institutional Buyers and Qualified Purchasers described in (i) above or to persons considering a purchase of the Notes in offshore transactions described in (ii) above.

This Offering Circular is for distribution only to persons who (i) are investment professionals, as such term is defined in Article 19(5) 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 Offering Circular 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 Offering Circular relates is available only to relevant persons and will be engaged in only with relevant persons.

This Offering Circular has been prepared on the basis that all offers of the Notes will be made pursuant to an exemption under Article 3 of Directive 2003/71/EC as amended (including by Directive 2010/73/EU) (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 Issuer or any of the Initial Purchasers to produce a prospectus for such offer. None of the Issuer, Virgin Media or the Initial Purchasers has authorized, nor does any of them 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 Offering Circular.



The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the U.S. Securities Act and all other applicable securities laws. See “*Transfer Restrictions*”. You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time.

The Issuer and Virgin Media have prepared this Offering Circular solely for use in connection with this offering and for applying to the Irish Stock Exchange for the Notes to be listed on its Official List and for trading on its Global Exchange Market. In the United States, you may not distribute this Offering Circular or make copies of it without the Issuer’s and Virgin Media’s prior written consent other than to people you have retained to advise you in connection with this offering.

You are not to construe the contents of this Offering Circular 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 Virgin Media and your own assessment of the merits and risks of investing in the Notes. None of the Issuer, Virgin Media or the Initial Purchasers is making any representation to you regarding the legality of an investment in the Notes by you.

The information contained in this Offering Circular has been furnished by the Issuer and Virgin Media and other sources the Issuer and Virgin Media 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 Offering Circular, and nothing contained in this Offering Circular is or shall be relied upon as a promise or representation by the Initial Purchasers, whether as to the past or the future. This Offering Circular 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 the Issuer and Virgin Media 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 Issuer. All summaries of the documents contained herein are qualified in their entirety by this reference.

The Issuer (except as noted in the following paragraph) and Virgin Media accept responsibility for the information contained in this Offering Circular. Virgin Media has made all reasonable inquiries and confirmed to the best of its knowledge, information and belief that the information contained in this Offering Circular with regard to Virgin Media, each of its subsidiaries and affiliates, and the Notes is true and accurate in all material respects, that the opinions and intentions expressed in this Offering Circular are honestly held, and that it is not aware of any other facts the omission of which would make this Offering Circular or any statement contained herein misleading in any material respect.

The Issuer accepts responsibility for the information contained in this Offering Circular (except in relation to the information in respect of Virgin Media, each of its subsidiaries and affiliates, for which Virgin Media takes sole responsibility). To the best of the knowledge and belief of the Issuer, the information contained in this Offering Circular for which it takes responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

No person is authorized in connection with any offering made pursuant to this Offering Circular to give any information or to make any representation not contained in this Offering Circular, and, if given or made, any other information or representation must not be relied upon as having been authorized by the Issuer, Virgin Media or the Initial Purchasers. The information contained in this Offering Circular is current at the date hereof. Neither the delivery of this Offering Circular 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 Offering Circular or in either the Issuer’s or Virgin Media’s affairs since the date of this Offering Circular.

The Issuer reserves the right to withdraw this offering of Notes at any time, and the Issuer and the Initial Purchasers reserve the right to reject any commitment to subscribe for the Notes in whole or in part and to allot to you less than the full amount of Notes subscribed for by you.

The distribution of this Offering Circular and the offer and sale of the Notes may be restricted by law in some jurisdictions. Persons into whose possession this Offering Circular 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 Offering Circular 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 Offering Circular. You must also obtain any consents or approvals that you need in order to purchase any Notes. None of the Issuer, Virgin Media or the Initial Purchasers is responsible for your compliance with these legal requirements.

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 Offering Circular. You may be required to bear the financial risks of investing in the Notes for an indefinite period of time.

If issued, the Notes will initially be available in book-entry form only. The Notes will be represented on issue by one or more global notes, which will be delivered through Euroclear and Clearstream (together, the “**Clearing Systems**” and each a “**Clearing System**”). Interests in the global notes will be exchangeable for definitive notes only in certain limited circumstances. See “*Book-Entry Clearance Procedures*” and “*Form of the Notes*”.

## STABILIZATION

IN CONNECTION WITH THIS OFFERING, CREDIT SUISSE SECURITIES (EUROPE) LIMITED (THE “STABILIZING MANAGER”) (OR PERSONS ACTING ON BEHALF OF THE 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 MANAGER (OR PERSONS ACTING ON BEHALF OF THE 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.

## 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 Offering Circular 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 restrictions on transferability and resale and may not be transferred or resold except as permitted under the U.S. Securities Act or any other applicable securities laws, pursuant to registration or an exemption therefrom. Please refer to the section of this Offering Circular entitled “*Transfer Restrictions*”. The Notes may not be offered to the public within any jurisdiction. By accepting delivery of this Offering Circular, you agree not to offer, sell, resell, transfer or deliver, directly or indirectly, any 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 Offering Circular 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 Prospectus Directive.

For the purposes of this provision, the expression an “offer of notes to the public” in relation to any of the 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 Issuer, the Initial Purchasers and their affiliates, and others will rely upon the truth 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

**Austria.** This Offering Circular has not been or will not be approved and/or published pursuant to the Austrian Capital Markets Act (*Kapitalmarktgesetz*) as amended. Neither this Offering Circular nor any other document connected therewith constitutes a prospectus according to the Austrian Capital Markets Act and neither this Offering Circular 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. This Offering Circular has not been approved under the German Securities Prospectus Act (*Wertpapierprospektgesetz*) or the Prospectus Directive and accordingly the Notes may not be offered publicly in Germany.

**France.** This Offering Circular 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 will only be 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 Offering Circular nor any other offering material may be distributed to the public in France.

**Italy.** None of this Offering Circular 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 Italian Republic (“**Italy**”) pursuant to an exemption under article 101-bis, paragraph 3-bis of the Legislative Decree No. 58 of February 24, 1998, as amended (the “**Financial Services Act**”) and article 35-bis, paragraph 3, of CONSOB Regulation No. 11971 of May 14, 1999, as amended. Accordingly, the Notes are not addressed to, and neither the Offering Circular 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 May 14, 1999, as amended from time to time, acting on their own account.

**Ireland.** No action may be taken with respect to the Notes in Ireland otherwise than in conformity with the provisions of (a) the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) (as amended, the “**MiFID Regulations**”), including, without limitation, Regulations 7 and 152 thereof or any codes of conduct made under the MiFID Regulations and the provisions of the Investor Compensation Act 1998



(as amended), (b) the Companies Act 2014 (as amended, the “**Companies Act**”), the Central Bank Acts 1942 to 2014 (as amended) and any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989, (c) the Prospectus (Directive 2003/71/EC) Regulations 2005 (as amended) (the “**Irish Prospectus Regulations**”) and any rules issued under Section 1363 of the Companies Act by the Central Bank of Ireland and (d) the Market Abuse Regulations (EU 596/2014) (as amended) and any rules or guidance issued by the Central Bank of Ireland under Section 1370 of the Companies Act.

This Offering Circular has been prepared on the basis that, to the extent any offer is made in Ireland, any offer of the Notes will be made pursuant to one or more of the exemptions in Regulation 9(1) of the Irish Prospectus Regulations from the requirement to publish a prospectus for offers of the Notes. Accordingly, any person making or intending to make an offer in Ireland of the Notes which are subject of the offering contemplated in this Offering Circular may only do so in circumstances in which no obligation arises for the Issuer, Virgin Media or the Initial Purchasers to publish a prospectus pursuant to Regulation 12 of the Irish Prospectus Regulations or supplement a prospectus pursuant to Regulation 51 of the Irish Prospectus Regulations, in each case, in relation to such offer. None of the Issuer, Virgin Media or the Initial Purchasers have authorized, or do authorize, the making of any offer of the Notes in circumstances in which an obligation arises for the Issuer, Virgin Media or the Initial Purchasers to publish or supplement a prospectus for such offer.

**Grand Duchy of Luxembourg.** This Offering Circular has not been approved by and will not be submitted for approval to the Luxembourg Supervision Commission of the Financial Sector (*Commission de Surveillance du Secteur Financier*) for purposes of a public offering or sale in Luxembourg. Accordingly, the Notes may not be offered or sold to the public in Luxembourg, directly or indirectly, and neither this Offering Circular 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 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, as amended (the “**Prospectus Act**”) and implementing the Prospectus Directive. Consequently, this Offering Circular and any other offering memorandum, 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.

**The Netherlands.** The Notes (including rights representing an interest in each global note that represents the Notes) may only be offered or sold to qualified investors (*gekwalficeerde beleggers*) as defined in the Dutch Financial Supervision Act (*Wet op het financieel toezicht*).

**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*”).

**Switzerland.** The Notes offered hereby are being offered in Switzerland on the basis of a private placement only. This Offering Circular does not constitute a prospectus within the meaning of Art. 652A or Art. 1156 of the Swiss Federal Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange.

**United Kingdom.** This Offering Circular is for distribution only to, and is only directed at, persons who (i) are investment professionals, as such term is defined in Article 19(5) 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) 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 Offering Circular 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 document 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 Offering Circular or any of its contents.

## CURRENCY PRESENTATION AND DEFINITIONS

In this Offering Circular: (i) “£”, “sterling”, or “pound sterling” means the lawful currency of the United Kingdom, (ii) “euro,” “Euro” or “€” means the single currency of the member states of the EU participating in the third stage of economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended or supplemented from time to time, and (iii) “U.S. dollar”, “Dollar”, “US\$” or “\$” means the lawful currency of the United States. Virgin Media’s consolidated financial results are reported in pounds sterling. Unless otherwise indicated, convenience translations into pounds sterling or any other currency have been calculated at the June 30, 2016 market rate.

### Definitions

As used in this Offering Circular:

**“2022 VM 4.875% Dollar Senior Notes”** means Virgin Media Finance’s \$900.0 million aggregate original principal amount of 4.875% senior notes due 2022.

**“2022 VM 5.25% Dollar Senior Notes”** means Virgin Media Finance’s \$500.0 million aggregate original principal amount of 5.25% senior notes due 2022.

**“2022 VM Senior Notes”** means, collectively, 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”** means Virgin Media Finance’s £400.0 million aggregate original principal amount of 5.125% senior notes due 2022.

**“2023 VM Dollar Senior Notes”** means Virgin Media Finance’s \$530.0 million aggregate original principal amount of 6.375% senior notes due 2023.

**“2023 VM Senior Notes”** means, collectively, the 2023 VM Dollar Senior Notes and the 2023 VM Sterling Senior Notes.

**“2023 VM Sterling Senior Notes”** means Virgin Media Finance’s £250.0 million aggregate original principal amount of 7.00% senior notes due 2023.

**“2024 VM Dollar Senior Notes”** means Virgin Media Finance’s \$500.0 million aggregate principal amount of its 6.00% senior notes due 2024.

**“2024 VM Senior Notes”** means, collectively, the 2024 VM Dollar Senior Notes and the 2024 VM Sterling Senior Notes.

**“2024 VM Sterling Senior Notes”** means Virgin Media Finance’s £300.0 million aggregate principal amount of its 6.375% senior notes due 2024.

**“2025 VM 5.125% Sterling Senior Secured Notes”** means Virgin Media Secured Finance’s £300.0 million aggregate principal amount of its 5.125% senior secured notes due 2025.

**“2025 VM 5.50% Sterling Senior Secured Notes”** means Virgin Media Secured Finance’s £430.0 million aggregate original principal amount of its 5.50% senior secured notes due 2025.

**“2025 VM Dollar Senior Notes”** means Virgin Media Finance’s \$400.0 million aggregate principal amount of its 5.75% senior notes due 2025.

**“2025 VM Dollar Senior Secured Notes”** means the Virgin Media Secured Finance’s \$425.0 million aggregate principal amount of its 5.50% senior secured notes due 2025.

**“2025 VM Euro Senior Notes”** means Virgin Media Finance’s €460.0 million aggregate principal amount of its 4.50% senior notes due 2025.

**“2025 VM Senior Notes”** means, collectively, the 2025 VM Dollar Senior Notes and the 2025 VM Euro Senior Notes.

**“2025 VM Senior Secured Notes”** means, collectively, the 2025 VM Dollar Senior Secured Notes, the 2025 VM 5.125% Sterling Senior Secured Notes and the 2025 VM 5.50% Sterling Senior Secured Notes.

**“2026 VM 5.25% Senior Secured Notes”** means, collectively, the Original 2026 VM 5.25% Senior Secured Notes and the Additional 2026 VM 5.25% Senior Secured Notes.

**“2026 VM 5.50% Senior Secured Notes”** means Virgin Media Secured Finance’s \$750.0 million aggregate original principal amount of 5.50% senior secured notes due 2026.

**“2026 VM Senior Secured Notes”** means, collectively, the 2026 VM 5.50% Senior Secured Notes and the 2026 VM 5.25% Senior Secured Notes.

**“2027 VM Senior Secured Notes”** means Virgin Media Secured Finance’s £525.0 million aggregate principal amount of its 4.875% senior secured notes due 2027.

**“2029 VM Senior Secured Notes”** means, collectively, the Original 2029 VM Senior Secured Notes and the Additional 2029 VM Senior Secured Notes.

**“Accelerated Maturity Event”** has the meaning assigned to such term in Condition 6(g) (*“Redemption, Purchase and Cancellation; Approved Exchange Offer—Accelerated Maturity Event”*).

**“Account Bank”** means The Bank of New York Mellon, London Branch, a banking corporation organized and existing under the laws of the state of New York, acting through its branch office at One Canada Square, London E14 5AL, England in its capacity as account bank under the Agency and Account Bank Agreement, or any successors or assigns thereunder.

**“Accounts Payable Management Services Agreement”** or **“APMSA”** means (i) the amended and restated accounts payable management services agreement dated , 2016 between, *inter alios*, the Platform Provider and VMIH as Obligors’ Parent, and (ii) following an SCF Platform Addition, (A) the amended and restated accounts payable management services agreement dated , 2016 between, *inter alios*, the Platform Provider and VMIH as Obligors’ Parent and (B) any accounts payable management services agreement (or equivalent) to be entered into between, *inter alios*, the Platform Provider and VMIH as Obligors’ Parent, in each case of (i) and (ii), as amended, amended and restated, supplemented (including, without limitation, pursuant to an APMSA Deed of Confirmation), replaced (including pursuant to an SCF Platform Replacement), or otherwise modified from time to time.

**“Additional 2026 VM 5.25% Senior Secured Notes”** means Virgin Media Secured Finance’s \$500.0 million aggregate original principal amount of 5.25 % senior secured notes due 2026, issued on April 23, 2015.

**“Additional 2029 VM Senior Secured Notes”** means Virgin Media Secured Finance’s £175.0 million aggregate principal amount of its 6.25% senior secured notes due 2029, issued on April 1, 2014.

**“Administrator”** means The Bank of New York Mellon, London Branch, a banking corporation organized and existing under the laws of the state of New York, acting through its branch office at One Canada Square, London E14 5AL, England in its capacity as administrative agent under the Agency and Account Bank Agreement, or any successor thereunder approved or appointed by the Issuer.

**“Agency and Account Bank Agreement”** means the agreement entered into on the Issue Date between, *inter alios*, the Issuer, the Administrator and the Account Bank, as amended and restated from time to time.

**“Agent”** means, as the context requires, the Registrar, Paying Agent, Transfer Agent, Administrator and/or Account Bank.

**“APMSA Deed of Confirmation”** means any deed, agreement or other instrument executed by the Obligors to provide a Payment Obligation in respect of any Receivable uploaded to the SCF Platform prior to September , 2016, as a supplement to the APMSA.

**“Applied Discount”** means (i) in the context of the APMSA, the discount amount that the Platform Provider will deduct from the Certified Amount in case of a transfer of the Payment Obligation prior to the Confirmed Payment Date pursuant to the terms of the APMSA and each relevant Discounted Payments Purchase Agreement and (ii) in the context of the Framework Assignment Agreement, the discount amount that the Platform Provider

will deduct from the Certified Amount in the case of a transfer of the Payment Obligation prior to the Confirmed Payment Date pursuant to the terms of the APMSA and each relevant Discounted Payments Purchase Agreement, *less* the Platform Provider Processing Fee.

**“Appointee”** means any attorney, agent, delegate or other person properly appointed by the Notes Trustee and/or the Security Trustee in accordance with the Trust Deed to discharge any of its functions or advise it in relation thereto.

**“Approved Exchange Offer”** has the meaning assigned to such term in Condition 6(k) (*“Redemption, Purchase and Cancellation; Approved Exchange Offer—Approved Exchange Offer”*).

**“Approved Platform Receivable”** means a Receivable which has been given the status “approved” by an Obligor in an Electronic Data File posted by that Obligor to the SCF Platform Website pursuant to the terms of the Accounts Payable Management Services Agreement.

**“April 2021 VM Dollar Senior Secured Notes”** means Virgin Media Secured Finance’s \$1 billion aggregate original principal amount of 5.375 % senior secured notes due 2021.

**“April 2021 VM Senior Secured Notes”** means, collectively, the April 2021 VM Dollar Senior Secured Notes and the April 2021 VM Sterling Senior Secured Notes.

**“April 2021 VM Sterling Senior Secured Notes”** means Virgin Media Secured Finance’s £1.1 billion aggregate original principal amount of 6.00% senior secured notes due 2021.

**“Assigned Receivables”** means, at any time of determination, any VM Accounts Receivable, in respect of which there has been an assignment of such VM Accounts Receivable from the Platform Provider to the Issuer pursuant to the terms of the Framework Assignment Agreement and the relevant Assignment Framework Note.

**“Assignment”** means the selling and assigning by the Platform Provider of all of its rights, title and interest in and to the relevant Payment Obligations (and the Receivables related thereto, solely to the extent that such Receivables have been acquired by the Platform Provider) at the relevant Purchase Price Amounts to the Issuer pursuant to the relevant Assignment Framework Note, which shall happen immediately, and without further action on the part of any person or entity, upon payment by the Issuer to the Platform Provider of the relevant Requested Purchase Price Amount (which may be adjusted pursuant to the terms of the Framework Assignment Agreement) on the relevant Value Date.

**“Assignment Framework Note”** means an assignment framework note in the form set out in Schedule 1 (*“Form of Assignment Framework Note”*) to the Framework Assignment Agreement.

**“Assignment Notice”** means an assignment notice substantially in the form set out in Schedule 2 (*“Form of Assignment Notice”*) to the Framework Assignment Agreement, or any other notice as agreed between the relevant parties.

**“Basic Terms Modification”** has the meaning assigned to such term in Condition 1 (*“Definitions and Principles of Construction—General Interpretation”*).

**“Benefit Plan Investor”** means (I) 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, (II) an individual retirement account or other plan or arrangement to which Section 4975 of the Code applies, or (III) 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 any such plan’s investment in such entity.

**“Business Day”** or **“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, Dublin, Ireland or London, England are authorized or required by law to close.

**“Certified Amount”** means, with respect to a Payment Obligation, the Outstanding Amount of such Payment Obligation on the Certified Amount Fixed Date.

**“Certified Amount Fixed Date”** means the earliest to occur of (i) the date of the Initial Transfer, and (ii) the date falling three Business Days prior to the Confirmed Payment Date of that Payment Obligation.

“**Clearing Systems**” or “**Clearing System**” means Euroclear and/or Clearstream, as appropriate.

“**Clearstream**” means Clearstream Banking, société anonyme.

“**Code**” means the United States Internal Revenue Code of 1986, as amended.

“**Collected Amount**” has the meaning assigned to such term under “*General Description of Virgin Media’s Business, the Issuer and the Offering—Overview of the Structure of the Offering of the Notes*”.

“**Collected Premium Amount**” has the meaning assigned to such term under “*General Description of Virgin Media’s Business, the Issuer and the Offering—Overview of the Structure of the Offering of the Notes*”.

“**Collected Principal Amount**” has the meaning assigned to such term under “*General Description of Virgin Media’s Business, the Issuer and the Offering—Overview of the Structure of the Offering of the Notes*”.

“**Committed Principal Proceeds**” means £334.3 million, representing the net proceeds of the Notes minus the Initial Interest Reserve Amount plus any upfront payments payable by VMIH pursuant to the New VM Facilities Agreement.

“**Conditions**” means the terms and conditions of the Notes as set out in the Section of this Offering Circular entitled “*Terms and Conditions of the Notes*”.

“**Confirmed Payment Date**” means, with respect to a Payment Obligation, the date (which cannot be changed) specified as the date of payment in the Electronic Data File in respect of the Receivable that was designated as “approved” which led to that Payment Obligation arising.

“**Constitution**” means the constitution of the Issuer as may be in force from time to time.

“**Corporate Administration Agreement**” means the agreement entered into on or prior to the Issue Date between the Corporate Servicer and the Issuer.

“**Corporate Servicer**” means TMF Administration Services Limited, having its registered office at 3<sup>rd</sup> Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland, in its capacity as corporate services provider under the Corporate Administration Agreement.

“**Covenant EBITDA**” has the meaning assigned to such term in “*Description of Virgin Media—Certain Relationships and Related Party Transactions of Virgin Media*”.

“**Credit Note**” has the meaning assigned to such term under “*General Description of Virgin Media’s Business, the Issuer and the Offering—Overview of the Structure of the Offering of the Notes*”.

“**December 31, 2015 Consolidated Financial Statements**” means Virgin Media’s audited consolidated financial statements as of December 31, 2015 and 2014 and for the years ended December 31, 2015, 2014 and 2013 and the notes thereto included in this Offering Circular.

“**Definitive Note**” means each note issued or to be issued in definitive, fully registered form in, or substantially in, the form set out in the Trust Deed.

“**Direct Participants**” means Noteholders who, as accountholders, hold their interests in Global Notes directly through Euroclear or Clearstream.

“**Discounted Payments Purchase Agreements**” means the agreements entered into, from time to time, each between the Platform Provider and the Supplier named therein, as may be amended, amended and restated, supplemented, replaced (including pursuant to an SCF Platform Replacement) or otherwise modified from time to time (including pursuant to an SCF Platform Addition).

“**Distribution Compliance Period**” means the 40-day period prescribed by Regulation S commencing on the later of (a) the date upon which Notes are first offered to persons other than the Initial Purchasers and any other distributor (as such term is defined in Regulation S) of the Notes and (b) the Issue Date.



**“Dodd-Frank Act”** means the United States Dodd–Frank Wall Street Reform and Consumer Protection Act.

**“EE”** means EE Limited (formerly known as Everything Everywhere Limited).

**“EEA”** means European Economic Area.

**“Electronic Data File”** means an electronic file substantially in the form set out in Schedule 4 to the Accounts Payable Management Services Agreement.

**“ERISA”** means the United States Employee Retirement Income Security Act of 1974, as amended.

**“EU Insolvency Regulation”** means Council Regulation (EC) No. 1346/2000 of May 29, 2000 on Insolvency Proceedings.

**“EURIBOR”** means the Euro Interbank Offered Rate

**“Euroclear”** means Euroclear Bank S.A./N.V., as operator of the Euroclear system.

**“Excess Arrangement Payment”** has the meaning assigned to such term under *“General Description of Virgin Media’s Business, the Issuer and the Offering—Overview of the Structure of the Offering of the Notes”*.

**“Excess Cash Facility”** means the revolving facility to be made available by the Issuer to the New VM Facilities Borrower under the New VM Facilities Agreement pursuant to Clause 2.1 thereof.

**“Excess Cash Loans”** means loans to be made under the Excess Cash Facility pursuant to the New VM Facilities Agreement.

**“Exchange Act”** means the United States Securities Exchange Act of 1934, as amended.

**“Excluded Buyer”** means Virgin Media Ireland Ltd., a private company limited by shares incorporated under the laws of Ireland with registered number 435668 whose registered office is at Building P2, Eastpoint Business Park, Clontarf, Dublin 3, Ireland, as the “Excluded Buyer” pursuant to and in accordance with the Framework Assignment Agreement.

**“Existing Senior Notes”** means, collectively, the 2022 VM Senior Notes, the 2023 VM Senior Notes, the 2024 VM Senior Notes and the 2025 VM Senior Notes.

**“Existing Senior Secured Notes”** means, collectively, the January 2021 VM Senior Secured Notes, the April 2021 VM Senior Secured Notes, the 2025 VM Senior Secured Notes, the 2026 VM Senior Secured Notes, the 2027 VM Senior Secured Notes and the 2029 VM Senior Secured Notes.

**“Expenses Agreement”** means the agreement to be entered into on the Issue Date between the New VM Facilities Borrower and the Issuer.

**“Extraordinary Resolution”** has the meaning assigned to such term in Condition 1 (*“Definitions and Principles of Construction—General Interpretation”*).

**“FATCA”** means

- (a) sections 1471 to 1474 of the Code or any associated regulations or other official guidance;
- (b) any agreement pursuant to the implementation of paragraph (a) above with the U.S. Internal Revenue Service, the U.S. government or any governmental or taxation authority in any other jurisdiction; or
- (c) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the U.S. and any other jurisdiction, which (in either case) facilitates the implementation of paragraph (a) or (b) above.

**“Fitch”** means Fitch Ratings Inc., or its successors and assigns.

**“Framework Assignment Agreement”** means (i) the framework assignment agreement dated on or about the Issue Date between, *inter alios*, the Issuer, the Platform Provider and VMIH, and (ii) following an SCF Platform Addition, (A) the framework assignment agreement dated on or about the Issue Date between, *inter alios*, the Issuer, the Platform Provider and VMIH, and (B) any receivables assignment agreement (or equivalent) to be entered into between, *inter alios*, the Issuer, the Platform Provider and VMIH, in each case of (i) and (ii), as may be amended, amended and restated, supplemented, replaced (including pursuant to an SCF Platform Replacement) or otherwise modified from time to time, and pursuant to which the Issuer will purchase eligible VM Accounts Receivable from the Platform Provider. As used herein, the term “Framework Assignment Agreement” may also refer to, as the context may require, the Framework Assignment Agreement and the Assignment Framework Notes.

**“FSMA”** means the Financial Services and Markets Act 2000 of the United Kingdom.

**“Further Notes”** means the further receivables financing notes which the Issuer will be entitled, at its option and without the consent of the Noteholders, to issue, having the same terms and conditions (except as to issue date and initial interest paid in respect of their first interest period) as, and being fungible with, the Notes.

**“GBP LIBOR”** means LIBOR denominated in pounds sterling.

**“Global Exchange Market”** means the Global Exchange Market of the Irish Stock Exchange.

**“Global Note”** means any Regulation S Global Note or Rule 144A Global Note.

**“Group Intercreditor Deed”** means 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 Senior Borrowers, the Original Senior Guarantors, the Senior Lenders, the Hedge Counterparties, 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.

**“High Yield Intercreditor Deed”** means the High Yield Intercreditor Deed originally entered into on April 13, 2004 among Deutsche Bank AG, London Branch as facility agent and security trustee, Virgin Media Finance, VMIH, The Bank of New York as high yield trustee 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 relevant indentures.

**“Indirect Participants”** means Noteholders who hold their interests in Global Notes indirectly through organizations which are accountholders of Euroclear or Clearstream.

**“ING”** means ING Bank N.V., together with its successors and permitted assigns.

**“Initial Interest Reserve Amount”** means a principal amount equal to the aggregate amount which will be due and payable on the Notes as interest on the first two Interest Payment Dates.

**“Initial Purchasers”** means Credit Suisse Securities (Europe) Limited, Banca IMI S.p.A., Citigroup Global Markets Limited, Deutsche Bank AG, London Branch and ING Bank N.V., London Branch, who have agreed to subscribe to the Notes.

**“Initial Transfer”** means a sale and assignment of a Parent Payment Obligation and the related Receivable from the Supplier to the Platform Provider through the SCF Platform.

**“Interest Facility”** means the revolving facility to be made available by the Issuer to the New VM Facilities Borrower pursuant to Clause 2.2 of the New VM Facilities Agreement.

**“Interest Facility Loans”** means loans to be made under the Interest Facility pursuant to the New VM Facilities Agreement.

**“Interest Payment Date”** means the days on which interest will be payable in pounds sterling semi-annually in arrears: March 15 and September 15 of each year, commencing on March 15, 2017 subject to adjustment for non-business days.

**“Interest Proceeds Account”** means the account in the name of the Issuer, the details of which are set forth in the Agency and Account Bank Agreement, held with the Account Bank through which the Issuer will finance the payment of interest on the Notes and fund Interest Facility Loans to the New VM Facilities Borrower. See “General Description of Virgin Media’s Business, the Issuer and the Offering—Overview of the Structure of the Offering of the Notes”.

**“Investment Company Act”** or **“ICA”** means the United States Investment Company Act of 1940, as amended.

**“Ireland”** means Ireland exclusive of Northern Ireland.

**“Irish Excluded Assets”** means all assets, property or rights of the Issuer deriving from the Issuer Profit Account and the Corporate Administration Agreement.

**“Irish Stock Exchange”** means The Irish Stock Exchange p.l.c.

**“ISIN”** means International Securities Identification Number.

**“Issue Date”** means , 2016.

**“Issue Date Arrangements Agreement”** means the agreement to be entered into on the Issue Date between the New VM Facilities Borrower, the Share Trustee and the Issuer.

**“Issue Date Facility”** means the term facility to be made available by the Issuer to the New VM Facilities Borrower pursuant to Clause 2.3 of the New VM Facilities Agreement.

**“Issue Date Facility Loan”** means the £2.0 million loan to be made under the Issue Date Facility pursuant to the New VM Facilities Agreement.

**“Issue Date Shares”** has the meaning assigned to such term under *“Summary Corporate and Financing Structure”*.

**“Issuer”** means Virgin Media Receivables Financing Notes I Designated Activity Company, a designated activity company incorporated under the laws of Ireland with registered number 577958.

**“Issuer Collection Account”** means the account in the name of the Issuer, the details of which are set forth in the Agency and Account Bank Agreement, held with the Account Bank, into which the Issuer will receive payments on Assigned Receivables and amounts under the New VM Facilities Agreement (with any such payments being immediately credited to the Interest Proceeds Account or the Principal Proceeds Account, as applicable);

**“Issuer Event of Default”** has the meaning assigned to such term in Condition 10 (*“Issuer Events of Default”*).

**“Issuer Profit”** means the payment on the Issue Date into the Issuer Profit Account of (i) of £3,000 as a fee for entering into the Transactions (as defined in the Trust Deed) and (ii) a £100 arrangement fee pursuant to the Expenses Agreement.

**“Issuer Profit Account”** means the account in the name of the Issuer into which the Issuer Profit is paid pursuant to the Expenses Agreement.

**“Issuer Transaction Accounts”** means the Issuer Collection Account, the Interest Proceeds Account and the Principal Proceeds Account.

**“Italy”** means the Italian Republic.

**“January 2021 VM Dollar Senior Secured Notes”** means Virgin Media Secured Finance’s \$500.0 million aggregate original principal amount of 5.25% senior secured notes due 2021.

**“January 2021 VM Senior Secured Notes”** means, collectively, the January 2021 VM Dollar Senior Secured Notes and the January 2021 VM Sterling Senior Secured Notes.

**“January 2021 VM Sterling Senior Secured Notes”** means Virgin Media Secured Finance’s £650.0 million aggregate original principal amount of 5.50% senior secured notes due 2021.

**“June 30, 2016 Condensed Consolidated Financial Statements”** means the unaudited condensed consolidated financial statements of Virgin Media as of June 30, 2016 and December 31, 2015 and for the three and six months ended June 30, 2016 and 2015 and the notes thereto included in this Offering Circular.

**“LG Europe 2”** means Liberty Global Europe 2 Limited, a private limited company incorporated under the laws of England and Wales, together with its successors.

**“LG/VM Transaction”** means 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.

**“LGI”** means Liberty Global, Inc.

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

**“Liberty Global Group”** refers to Liberty Global’s businesses, assets and liabilities not attributed to the LiLAC Group.

**“Liberty Global Shares”** has the meaning assigned to such term in the definition of “LiLAC Transaction”.

**“LIBOR”** means the London Interbank Offered Rate.

**“LiLAC Group”** refers to Liberty Global’s businesses, assets and liabilities in Latin America and the Caribbean.

**“LiLAC Shares”** has the meaning assigned to such term in the definition of “LiLAC Transaction”.

**“LiLAC Transaction”** means the transaction whereby Liberty Global (i) reclassified its then outstanding Class A, Class B and Class C Liberty Global ordinary shares into corresponding classes of new Liberty Global ordinary shares (collectively, the **“Liberty Global Shares”**) and (ii) capitalized a portion of its share premium account and distributed as a dividend (or a “bonus issue” under U.K. law) its LiLAC Class A, Class B and Class C ordinary shares (collectively, the **“LiLAC Shares”**).

**“Listing Agent”** means Arthur Cox Listing Services Limited, whose office is at Earlsfort Centre, Earlsfort Terrace, Dublin 2, Ireland, D02 CK83.

**“Luxembourg”** means the Grand Duchy of Luxembourg.

**“Maturity Date”** means (i) initially, September 15, 2024 and (ii) following an Accelerated Maturity Event, the New Maturity Date.

**“Meeting”** has the meaning assigned to such term in Condition 13 (*“Meeting of Noteholders”*).

**“Moody’s”** means Moody’s Investors Service, Inc., or its successors and assigns.

**“Network Extension”** has the meaning assigned to such term in *“Management’s Discussion and Analysis of Financial Condition and Results of Operations of Virgin Media—Overview”*.

**“New Maturity Date”** means the date that is one Business Day following the Change of Control Prepayment Date (as defined in the New VM Facilities Agreement).

**“New VM Facilities”** means the Excess Cash Facility, the Interest Facility and the Issue Date Facility.

**“New VM Facilities Agreement”** means the agreement to be entered into on the Issue Date between, *inter alios*, VMIH as the borrower and the Issuer as the lender, as amended, amended and restated, supplemented or otherwise modified from time to time. See *“Summary of Principal Documents”* and Annex A (*“New VM Facilities Agreement”*).

**“New VM Facilities Borrower”** means VMIH, in its capacity as the borrower under the New VM Facilities Agreement.

**“New VM Facilities Guarantors”** means the Obligors, each in their capacity as guarantor under the New VM Facilities Agreement.

**“New VM Facilities Loans”** means the Excess Cash Loans, the Interest Facility Loans and the Issue Date Facility Loan.

**“New VM Facilities Obligors”** means the New VM Facilities Borrower and the New VM Facilities Guarantors, and New VM Facilities Obligor means any of them.

**“Non-call Period”** means the period from the Issue Date to September 15, 2019.

**“Noteholders”** means registered holders of the Notes.

**“Notes”** means the £350.0 million % receivables financing notes due 2024 issued on or about the Issue Date.

**“Notes Collateral”** means (i) the Issuer’s rights, title, benefit and interest in, to and under the Assigned Receivables; (ii) the Issuer’s rights under all contracts, agreements, deeds and documents to which it is or may become a party or in respect of which it has or may have any right, title, benefit or interest (including, without limitation, the New VM Facilities Agreement, the Expenses Agreement, the Framework Assignment Agreement and the Issue Date Arrangements Agreement); (iii) the Issuer Transaction Accounts, and all amounts at any time standing to the credit thereto; and (iv) all other present and future property, assets and undertakings of the Issuer, but excluding, for the purposes of (i) to (iv), the Irish Excluded Assets.

**“Notes Secured Obligations”** has the meaning assigned to such term in Condition 1 (*“Definitions and Principles of Construction—General Interpretation”*).

**“Notes Security Documents”** means the documents evidencing the security interests granted over the Notes Collateral (including, without limitation, the Trust Deed) and any other agreement or instrument from time to time governing a grant of a security interest permitted under the Trust Deed or the provisions of the Conditions to secure the obligations under the Notes.

**“Notes Trustee”** means BNY Mellon Corporate Trustee Services Limited, a limited liability company registered in England and Wales, whose registered office is at One Canada Square, London, E14 5AL, England in its capacity as notes trustee under the Trust Deed, and any successors or assigns thereunder.

**“Obligor”** means, with respect to each VM Account Receivable, any person (other than the Excluded Buyer) who owes a Payment Obligation in respect of such VM Account Receivable, or any payment undertaking related to such VM Account Receivable, to the Platform Provider or the Issuer pursuant to the Framework Assignment Agreement or any SCF Platform Documents, in any case, related to such VM Account Receivable, whether such obligation forms the whole or any part of such VM Account Receivable. On the Issue Date, the Obligors will be VMIH, together with each of VML, Virgin Mobile Telecoms Limited and Virgin Media Senior Investments Limited.

**“Obligor Enforcement Notification”** means a notice informing an Obligor of an Assignment pursuant to the Framework Assignment Agreement.

**“Obligors’ Parent”** means VMIH in its capacity, under the Framework Assignment Agreement and the Accounts Payable Management Services Agreement, as parent of the Subsidiary Obligors.

**“OECD”** means the Organisation for Economic Co-operation and Development.

**“Offering Circular”** means this Offering Circular dated , 2016.

**“Official List”** means the Irish Stock Exchange’s Official List.

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

**“Original 2026 VM 5.25% Senior Secured Notes”** means Virgin Media Secured Finance’s \$500.0 million aggregate original principal amount of 5.25 % senior secured notes due 2026, issued on March 30, 2015.

**“Original 2029 VM Senior Secured Notes”** means Virgin Media Secured Finance’s £225.0 million aggregate principal amount of its 6.25% senior secured notes due 2029, issued on March 28, 2014.



**“Outstanding Amount”** means, with respect to a Payment Obligation, an amount equal to (i) the gross amount of the Approved Platform Receivable in respect of which the Payment Obligation arose, less (ii) the sum of all Credit Notes allocated to that Payment Obligation pursuant to the terms of the APMSA.

**“Parent Payment Obligation”** means an independent and primary obligation of the Obligor’s Parent to pay to the Relevant Recipient the Certified Amount (as defined in *“General Description of Virgin Media’s Business, the Issuer and the Offering—Overview of the Structure of the Offering of the Notes”*) on the Confirmed Payment Date under the APMSA.

**“Participants”** means Direct Participants together with Indirect Participants in the Clearing Systems.

**“Paying Agent”** means The Bank of New York Mellon, London Branch whose registered office is at One Canada Square, London E14 5AL, England, and any successors or assigns.

**“Payment Obligation”** means an independent and primary obligation of the Obligor’s Parent (and, following an SCF Transfer in respect of such Payment Obligation, of each Subsidiary Obligor on a joint and several basis) to pay to the Relevant Recipient the Certified Amount (as defined in *“General Description of Virgin Media’s Business, the Issuer and the Offering—Overview of the Structure of the Offering of the Notes”*) on the Confirmed Payment Date under the APMSA.

**“Platform Provider”** means (i) initially, ING Bank N.V., in its capacity as provider and the administrator of the SCF Platform, together with its successors and permitted assigns; (ii) following an SCF Platform Addition, ING Bank N.V. (together with its successors and permitted assigns) and any additional provider and administrator of an additional SCF Platform approved or appointed by VMIH or a Subsidiary Obligor (together with such platform provider’s successors and permitted assigns); and (iii) following an SCF Platform Replacement, the successor provider and administrator of the replacement SCF Platform approved or appointed by VMIH or a Subsidiary Obligor (together with such platform provider’s successors and permitted assigns).

**“Platform Provider Processing Fee”** means the processing fee due to the Platform Provider as specified in the APMSA, which will initially be 0.25%.

**“Poland”** means the Republic of Poland.

**“Premium”** has the meaning assigned to such term under *“General Description of Virgin Media’s Business, the Issuer and the Offering—Overview of the Structure of the Offering of the Notes”*.

**“Principal Proceeds Account”** means the account in the name of the Issuer, the details of which are set forth in the Agency and Account Bank Agreement, held with the Account Bank through which the Issuer will finance its periodic purchases of VM Accounts Receivable available through the SCF Platform, Excess Cash Loans to the New VM Facilities Borrower pursuant to the New VM Facilities Agreement and the ultimate repayment of principal on the Notes. See *“General Description of Virgin Media’s Business, the Issuer and the Offering—Overview of the Structure of the Offering of the Notes”*.

**“Priorities of Payment”** means the Pre-Enforcement Priority of Payments as set out in Condition 3(e) (*“Status, Priority and Security—Pre-Enforcement Priority of Payments”*) and the Post-Enforcement Priority of Payments as set out in Condition 3(f) (*“Status, Priority and Security—Post-Enforcement Priority of Payments”*).

**“Prospectus Directive”** means directive 2003/71/EC of the European Parliament and of the council of November 4, 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amendments thereto, including amending directive 2010/73/EU, to the extent implemented in a member state of the European Economic Area, and includes any relevant implementing measure in such member state.

**“Purchase Price Amount”** means, in relation to any VM Account Receivable, an amount equal to the Outstanding Amount of such VM Account Receivable less the Applied Discount (as used in the context of the Framework Assignment Agreement) calculated as at the relevant Assignment Date.

**“Purchase Price Return Amount”** has the meaning assigned to such term under *“General Description of Virgin Media’s Business, the Issuer and the Offering—Overview of the Structure of the Offering of the Notes”*.

**“Qualified Institutional Buyer”** or **“QIB”** has the meaning set forth in Rule 144A.

**“Qualified Purchaser”** has the meaning specified in Section 2(a)(51) of the Investment Company Act and Rules 2a51-1, 2a51-2 and 2a51-3 under the Investment Company Act.

**“Rating Agencies”** means Moody’s Investors Service, Inc., Standard & Poor’s Ratings Services, and Fitch Ratings Inc., or any of their respective successors or assigns.

**“Ratings Trigger Event”** means that the Platform Provider’s long-term corporate credit rating is withdrawn, suspended or downgraded below any two of the following:

- (a) a rating of “Baa3” (or the equivalent) or lower from Moody’s Investors Service, Inc. or any of its successors or assigns;
- (b) a rating of “BBB-” (or the equivalent) or lower from Standard & Poor’s Ratings Services, or any of its successors or assigns; and/or
- (c) a rating of “BBB-” (or the equivalent) or lower from Fitch Ratings Inc. or any of its successors or assigns.

**“Receivable”** means an amount of money payable by an Obligor to a Supplier as a result of an existing business relationship, evidenced by an invoice, and includes all rights attaching thereto under the relevant contract to which such invoice relates and the SCF Platform Documents.

**“Receiver”** means a receiver, administrative receiver, trustee, administrator, custodian, conservator, liquidator, examiner, curator or other similar official (other than any party, including without limitation the Notes Trustee, the Security Trustee and the Administrator, appointed or otherwise acting pursuant to or in connection with the Transaction Documents).

**“Registrar”** means The Bank of New York Mellon (Luxembourg) S.A. whose registered office is at 2-4 Rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg, and any successors or assigns.

**“Regulation S”** means Regulation S promulgated under the Securities Act.

**“Regulation S Global Note”** means one or more permanent global notes in fully registered form without interest coupons and sold to non-U.S. persons in offshore transactions in reliance on Regulation S.

**“Relevant Recipient”** means, with respect to a Payment Obligation:

- (a) the Supplier to whom the Receivable which the Payment Obligation arose in respect of is payable to; or
- (b) following transfer (in accordance with the terms of the Accounts Payable Management Services Agreement) of the Payment Obligation from that Supplier to the Platform Provider, the Platform Provider; or
- (c) following transfer of the Payment Obligation from the Platform Provider to a Transferee (as defined in the Accounts Payable Management Services Agreement) or one Transferee to another Transferee, the Transferee to whom the Payment Obligation has most recently been transferred.

**“Requested Purchase Price Amount”** has the meaning assigned to such term in *“General Description of Virgin Media’s Business, the Issuer and the Offering—Overview of the Structure of the Offering of the Notes”*.

**“Rule 144A”** means Rule 144A promulgated under the Securities Act.

**“Rule 144A Global Note”** means one or more permanent global notes in fully registered form without interest coupons and sold to persons that, at the time of the acquisition, purported acquisition or proposed acquisition of any Note, are both a Qualified Institutional Buyer and a Qualified Purchaser.

**“S&P”** means Standard & Poor’s Ratings Services, or its successors and assigns.

**“SCF Bank Account”** means the bank account or accounts maintained by the Platform Provider in relation to the SCF Platform and used for receipt of payments by the Platform Provider pursuant to the terms of the APMSA, as notified to the Obligors’ Parent by the Platform Provider, and which shall be an account in the Netherlands (or as otherwise agreed with the Obligors’ Parent).

**“SCF Platform”** means the online system, managed by the Platform Provider and administered under the terms of the APMSA and the Discounted Payments Purchase Agreements, to facilitate receivables financing provided by the Platform Provider and other participating funding providers, including the Issuer, and made available to VMIH and certain of its subsidiaries (including the Subsidiary Obligors), together with any additional online system approved by VMIH or a Subsidiary Obligor pursuant to an SCF Platform Addition and any replacement online system approved by VMIH or a Subsidiary Obligor pursuant to an SCF Platform Replacement.

**“SCF Platform Addition”** means the addition of another online system established and administered by an additional Platform Provider to facilitate receivables financing made available to VMIH and certain of its subsidiaries (including the Subsidiary Obligor), as approved or appointed by VMIH or a Subsidiary Obligor.

**“SCF Platform Addition Documentation”** means the relevant additional Framework Assignment Agreement, together with any amendments, modifications, supplements or additions to any Transaction Document as is reasonably required (in the determination of VMIH) to implement an SCF Platform Addition.

**“SCF Platform Documents”** means the APMSA and the Discounted Payments Purchase Agreements.

**“SCF Platform Replacement”** means the replacement of the then-current SCF Platform with another online system established and administered by a successor Platform Provider to facilitate receivables financing made available to VMIH and certain of its subsidiaries (including the Subsidiary Obligor), as approved or appointed by VMIH or a Subsidiary Obligor.

**“SCF Platform Website”** means <https://www.ingscfplatform.com/> or such other website address as may be notified by the Platform Provider from time to time.

**“SCF Transfer”** means, in respect of a payment obligation arising in respect of a Receivable that has been given the status “approved” by or on behalf of the relevant Obligor via the SCF Platform, the transfer of such payment obligation to the Platform Provider pursuant to the terms of the APMSA and each relevant Discounted Payments Purchase Agreement.

**“SEC”** means the United States Securities and Exchange Commission.

**“Secured Parties”** means each of the following (here stated in no order of priority):

- (a) the Security Trustee and any receiver, manager or other Appointee appointed under the Trust Deed or any Notes Security Document;
- (b) the Account Bank (in its capacity as account bank under the Agency and Account Bank Agreement);
- (c) the Notes Trustee and any Appointee of the Notes Trustee, the Noteholders, the Registrar, Paying Agent, Transfer Agent and Administrator under the Trust Deed and the Agency and Account Bank Agreement; and
- (d) any other person who accedes as a beneficiary of the Notes Security Documents.

**“Securities Act”** or **“U.S. Securities Act”** means the United States Securities Act of 1933, as amended.

**“Security Trustee”** means BNY Mellon Corporate Trustee Services Limited, a limited liability company registered in England and Wales, whose registered office is at One Canada Square, London, E14 5AL, England in its capacity as security trustee under the Trust Deed, and any successors or assigns thereunder.

**“Share Trustee”** means TMF Management (Ireland) Limited, who holds the Shares of the Issuer.

**“Shares”** means all of the issued shares of the Issuer, whether at present or as may be so issued in the future, including, without limitation, the 1 issued and fully paid up ordinary share of the Issuer of £1.00, and the 2,000,000 Class B, non-voting, non-dividend bearing shares of the Issuer of £1.00 each to be issued on the Issue Date and to be fully paid up.

**“Shortfall Payment”** has the meaning assigned to such term under *“General Description of Virgin Media’s Business, the Issuer and the Offering—Overview of the Structure of the Offering of the Notes”*.

**“Similar Laws”** means U.S. federal, state, local, non-U.S. or other laws or regulations that are substantially similar to Section 406 of ERISA or Section 4975 of the Code.

**“Stabilizing Manager”** means Credit Suisse Securities (Europe) Limited.

**“Subscription Agreement”** means the agreement to be entered into on or about the date of this Offering Circular between the Issuer, Virgin Media, VMIH and the Initial Purchasers.

**“Subsidiary Obligor”** means Virgin Media Limited, a private limited company incorporated under the laws of England and Wales with registered number 02591237 and with its registered office at Media House, Bartley Wood Business Park, Hook, Hampshire, RG27 9UP, United Kingdom; Virgin Mobile Telecoms Limited, a private limited company incorporated under the laws of England and Wales with registered number 03707664 and with its registered office at Media House, Bartley Wood Business Park, Hook, Hampshire, RG27 9UP, United Kingdom; Virgin Media Senior Investments Limited, a private limited company incorporated under the laws of England and Wales with registered number 10362628 and with its registered office at Media House, Bartley Wood Business Park, Hook, Hampshire, RG27 9UP, United Kingdom; and any additional Buyer

Subsidiary (as defined in the Accounts Payable Management Services Agreement) that accedes to the Accounts Payable Management Services Agreement in accordance with its terms, each in its capacity as a “Buyer Subsidiary” under the Accounts Payable Management Services Agreement, other than the Excluded Buyer.

“**Supplier**” means:

- (a) the suppliers permitted to access the SCF Platform Website pursuant to the terms of a Supplier Access Agreement and which are listed in Schedule 2 to the APMSA (as may be updated by the Platform Provider from time to time when any changes to the details set out therein occurs);
- (b) any supplier proposed by the Obligors’ Parent to the Platform Provider as a supplier and meeting the eligibility criteria set out in Schedule 2 to the APMSA and permitted to access the SCF Platform Website pursuant to the terms of a Supplier Access Agreement from time to time; and
- (c) following an SCF Platform Replacement or SCF Platform Addition, any supplier permitted to access such replacement or additional SCF Platform pursuant to the relevant Supplier Access Agreement.

“**Supplier Access Agreement**” means (i) an electronic agreement entered into by the Platform Provider and each Supplier on substantially similar terms as set out in Schedule 2 to the APMSA; and (ii) following an SCF Platform Replacement or SCF Platform Addition, any agreement entered into by the Platform Provider and each Supplier which governs access to such replacement or additional SCF Platform.

“**TCA 1997**” means the Taxes Consolidation Act 1997 of Ireland.

“**Transaction Documents**” means, collectively, the Trust Deed (including, for the avoidance of doubt, the Conditions and the other schedules thereto), the Agency and Account Bank Agreement, the Framework Assignment Agreement, the Accounts Payable Management Services Agreement, the Discounted Payments Purchase Agreements, the Corporate Administration Agreement, the New VM Facilities Agreement, the Expenses Agreement, the Issue Date Arrangements Agreement and the other Finance Documents (as defined in the New VM Facilities Agreement).

“**Transactions**” means the issuance of the Notes offered hereby, the application of the proceeds of the Notes as described under “*Use of Proceeds*” (including the purchase of VM Accounts Receivable pursuant to the Framework Assignment Agreement and the funding of the New VM Facilities Loans pursuant to the New VM Facilities Agreement), the making or receiving of payments under the New VM Facilities Agreement, the entry into the Transaction Documents and the Issuer’s performance of its obligations thereunder, as further described in “*General Description of Virgin Media’s Business, the Issuer and the Offering—Overview of the Structure of the Offering of the Notes*”.

“**Transfer Agent**” means The Bank of New York Mellon, London Branch whose registered office is at One Canada Square, London, E14 5AL and any successors or assigns.

“**Trust Deed**” means the Trust Deed entered into on the Issue Date between, *inter alios*, the Issuer, the Notes Trustee and the Security Trustee, as amended, amended and restated, novated, supplemented or otherwise modified from time to time.

“**U.K.**” means the United Kingdom.

“**Upload**” means an upload by an Obligor of an Electronic Data File containing details of Receivables payable to a Supplier onto the SCF Platform.

“**U.S.**” or “**United States**” means the United States of America.

“**U.S. GAAP**” means generally accepted accounting principles in the United States.

“**Value Date**” means, in relation to any Assignment Notice, the “value date” set out therein, which shall be the date falling five (5) Business Days following the receipt by the Issuer of such Assignment Notice, being the date on which the Issuer is due to pay the relevant Requested Purchase Price Amount into the bank account held by the Platform Provider and specified as the receiving account in such Assignment Notice.

“**Virgin Media**” means (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 VMIH, together with its successors (by merger, consolidation, transfer, conversion of legal form or otherwise).

“**Virgin Media Capped Calls**” means certain conversion hedges entered into during 2010 in order to offset a portion of the dilutive effects associated with the exchange of certain of Virgin Media’s exchangeable notes.

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

**“Virgin Media Group”** means Virgin Media and its subsidiaries.

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

**“VM Account Receivable”** means, collectively, a Payment Obligation which has been acquired by the Platform Provider and any Receivable relating thereto, solely to the extent that such Receivable has been acquired by the Platform Provider.

**“VM Convertible Notes”** means the 6.5% U.S. dollar convertible senior notes due November 2016, with an aggregate principal amount outstanding of \$54.8 million (£41.3 million equivalent) as of June 30, 2016.

**“VM 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, as described under *“Description of Other Indebtedness of Virgin Media—The VM Credit Facility.”*

**“VM Ireland”** means Virgin Media Ireland Ltd., with or without its consolidated subsidiaries, as the context requires.

**“VM Ireland Acquisition”** has the meaning assigned to such term under *“Description of Virgin Media—Business of Virgin Media—Virgin Media Ireland”*.

**“VM Ireland Note”** has the meaning assigned to such term under *“Description of Virgin Media—Business of Virgin Media—Virgin Media Ireland”*.

**“VM Notes”** means, collectively, the Existing Senior Notes and the Existing Senior Secured Notes.

**“VM Revolving Facility”** means the multi-currency revolving loan facility with a maximum borrowing capacity equivalent to £675.0 million granted to certain of the Borrowers (as defined in the VM Credit Facility) pursuant to clause 2.1 thereof, as described under *“Description of Other Indebtedness of Virgin Media—The VM Credit Facility.”*

**“VMIH”** means Virgin Media Investment Holdings Limited, a direct wholly-owned subsidiary of Virgin Media Finance and a private limited company incorporated under the laws of England and Wales, with registered number 03173552 and with its registered office at Media House, Bartley Wood Business Park, Hook, Hampshire, RG27 9UP, United Kingdom, together with its successors.

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

**“VML”** means Virgin Media Limited, an indirect wholly-owned subsidiary of VMIH and a private limited company incorporated under the laws of England and Wales, with registered number 02591237 and with its registered office at Media House, Bartley Wood Business Park, Hook, Hampshire, RG27 9UP, United Kingdom, together with its successors.

**“VMSIL”** means Virgin Media Senior Investments Limited, an indirect wholly-owned subsidiary of VMIH and a private limited company incorporated under the laws of England and Wales, with registered number 10362628 and with its registered office at Media House, Bartley Wood Business Park, Hook, Hampshire, RG27 9UP, United Kingdom, together with its successors.

**“Volcker Rule”** means Section 13 of the U.S. Bank Holding Company Act of 1956 and associated regulations.

**“Voter”** has the meaning assigned to such term in Condition 13(d) (*“Meeting of Noteholders—Quorum”*).



In this Offering Circular, 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 stated or the context otherwise requires.

For an explanation or definitions of certain technical and industry terms relating to our business as used herein, see “*Glossary*” starting on page G-1 of this Offering Circular.

## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

### The Issuer's Financial Information

Financial statements will be published by the Issuer on an annual basis beginning on December 31, 2016, and the Issuer will not prepare interim financial statements. The Issuer's opening statement of assets and liabilities and related notes as of its date of incorporation is included elsewhere in this Offering Circular. As Virgin Media has no variable interest in the Issuer and no ability to control the Issuer, Virgin Media will not consolidate the Issuer.

### Virgin Media's Financial Information

This Offering Circular includes financial data from the June 30, 2016 Condensed Consolidated Financial Statements and the December 31, 2015 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 Offering Circular 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 Offering Circular, 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 December 31, 2015 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, 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, 2015 Consolidated Financial Statements included in this Offering Circular; 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, 2015 Consolidated Financial Statements.

In order to provide a more meaningful basis for comparing the results of operations for the year ended December 31, 2014 to the corresponding prior year period, we have presented financial information for the year ended December 31, 2013 that reflects (i) the pro forma statement of operations that gives effect to the VM Ireland Acquisition as of January 1, 2013 and (ii) the combination of the results for the 2013 Predecessor and Successor periods. The pro forma amounts related to VM Ireland are derived from historical financial statements of VM Ireland for the relevant period. The pro forma financial information is not necessarily indicative of the financial position and results of operations that would have occurred if these transactions had occurred on such dates. 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.

Virgin Media's consolidated financial results are reported in pound sterling. Unless otherwise indicated, convenience translations into pound sterling have been calculated at the June 30, 2016 rates.

## Other Financial Measures

In this Offering Circular, we present Segment OCF, which is not required by, or presented in accordance with U.S. GAAP. Segment OCF is the primary measure used by our chief operating decision maker and management to evaluate the operating performance of our businesses. Segment OCF is also a key factor that is used by our internal decision makers to (i) determine how to allocate resources and (ii) evaluate the effectiveness of our management for purposes of annual and other incentive compensation plans. As we use the term, Segment OCF is defined as operating income before depreciation and amortization, share-based compensation, related-party fees and allocations, provisions and provision releases related to significant litigation and impairment, restructuring and other operating items. Other operating items include (a) gains and losses on the disposition of long-lived assets, (b) third-party costs directly associated with successful and unsuccessful acquisitions and dispositions, including legal, advisory and due diligence fees, as applicable, and (c) other acquisition-related items, such as gains and losses on the settlement of contingent consideration. Our internal decision makers believe operating cash flow is a meaningful measure because it represents a transparent view of our recurring operating performance that is unaffected by our capital structure and allows management to (1) readily view operating trends, (2) perform analytical comparisons and benchmarking between entities and (3) identify strategies to improve operating performance in the different countries in which we operate. We believe our operating cash flow 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 public companies. Segment OCF should be viewed as a measure of operating performance that is a supplement to, and not a substitute for, operating income, net earnings or loss, cash flow from operating activities and other U.S. GAAP measures of income or cash flows. We provide a reconciliation of Segment OCF to operating income in this Offering Circular. See “*Summary Financial and Operating Data of Virgin Media.*”

## 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 Offering Circular, 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 independent auditor, consultant or expert or by any of the Initial Purchasers.

## Third-Party Information

The information provided in this Offering Circular 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 Offering Circular 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 Offering Circular or for the accuracy of the information on which such estimates are based.

This Offering Circular 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 Offering Circular. 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. Unless otherwise indicated, convenience translations into pounds sterling or any other currency have been calculated at the June 30, 2016 market rate.

	<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)			
<b>Year ended December 31,</b>				
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
2015 .....	1.4734	1.5283	1.5872	1.4654
<b>Month and Year</b>				
January 2016 .....	1.4223	1.4408	1.4747	1.4183
February 2016 .....	1.3913	1.4302	1.4587	1.3876
March 2016 .....	1.4394	1.4251	1.4490	1.3955
April 2016 .....	1.4626	1.4318	1.4626	1.4068
May 2016 .....	1.4515	1.4531	1.4687	1.4366
June 2016 .....	1.3268	1.4212	1.4810	1.3214
July 2016 .....	1.3228	1.3145	1.3321	1.2903
August 2016 .....	1.3141	1.3102	1.3337	1.2875
September 2016 (through September 23, 2016) .....	1.2969	1.3192	1.3422	1.2969

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

On September 23, 2016, the exchange rate was \$1.2969 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 Offering Circular 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 Offering Circular, 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, including those related to the Network Extension, 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 Offering Circular.

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 Offering Circular, 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 Offering Circular 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 anticipated results or events:

- economic and business conditions and industry trends in the countries in which we operate;
- the competitive environment in the cable television, broadband and telecommunications industries in the U.K. and Ireland, 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 European Union (“EU”) and related fiscal reforms;
- the U.K. referendum advising for the exit of the U.K. from the E.U.;
- 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 cable television, broadband internet, fixed-line telephony, mobile and business service offerings, and of new technology, programming alternatives and other products and services that we may offer in the future;
- our ability to manage rapid technological changes;
- our ability to maintain or increase the number of subscriptions to our cable television, 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 countries 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;
- our ability to obtain regulatory approval and satisfy other conditions necessary to close acquisitions and dispositions, and the impact of conditions imposed by competition and other regulatory authorities in connection with acquisitions;
- our ability to successfully integrate and realize anticipated efficiencies from the businesses we may acquire;
- changes in laws or treaties relating to taxation, or the interpretation thereof, in the countries in which we operate;
- changes in laws and government regulations that may impact the availability and cost of capital and the derivative instruments that hedge certain of our financial risks;
- the ability of suppliers and vendors (including our third-party wireless network providers under our mobile virtual network operator (“MVNO”) arrangements) to timely deliver quality products, equipment, software, services and access;
- the availability of attractive programming for our video services and the costs associated with such programming;
- uncertainties inherent in the development and integration of new business lines and business strategies;
- our ability to adequately forecast and plan future network requirements, including the costs and benefits associated with our Network Extension in the U.K.;
- the availability of capital for the acquisition and/or development of telecommunications networks and services;
- problems we may discover post-closing with the operations, including the internal controls and financial reporting process, of businesses we acquire;
- the leakage of sensitive customer data;
- the outcome of any pending or threatened litigation;
- the loss of key employees and the availability of qualified personnel;
- changes in the nature of key strategic relationships with partners and joint venturers;
- 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 and mobile service industries are changing rapidly and, therefore, the forward-looking statements of expectations, plans and intent in this Offering Circular are subject to a significant degree of risk. These forward-looking statements and the above-described risks, uncertainties and other factors speak only as of the date of this Offering Circular, 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 Offering Circular.

We disclose important factors that could cause our actual results to differ materially from our expectations in this Offering Circular. 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 Issuer 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 Issuer is not currently subject to the periodic reporting and other information requirements of the Exchange Act. However, pursuant to the Trust Deed and so long as the Notes are outstanding, the Issuer will furnish periodic information to holders of the Notes. See “*Terms and Conditions of the Notes*”.

## GENERAL DESCRIPTION OF VIRGIN MEDIA'S BUSINESS, THE ISSUER AND THE OFFERING

This general description of Virgin Media's business, the Issuer and the offering highlights selected information contained in this Offering Circular regarding Virgin Media and the Notes. It does not contain all the information you should consider prior to investing in the Notes. You should read the entire Offering Circular carefully, including the "Risk Factors", "*Description of Virgin Media—Management's Discussion and Analysis of Financial Condition and Results of Operations of Virgin Media*" and the December 31, 2015 Consolidated Financial Statements and the notes to those financial statements included in this Offering Circular. In this Offering Circular, 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. Please see page G-1 of this Offering Circular for a glossary of technical terms used in this Offering Circular.

### Virgin Media's Business

We are a subsidiary of Liberty Global that provides video, broadband internet, fixed-line telephony and mobile services in the U.K. and Ireland. We are one of the U.K.'s and Ireland's largest providers of residential video, 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, or DSL, competitors. As a result, we provide our customers with a leading next-generation broadband service and one of the most advanced interactive television services available in the U.K. and Irish markets. As of June 30, 2016, we provided cable broadband services to approximately 5.7 million residential customers and approximately 13.9 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 third-party networks through mobile virtual network operator, or MVNO, arrangements. As of June 30, 2016, we provided mobile telephony services to approximately 3.0 million mobile telephony customers.

We generated revenue of £2,375.1 million and segment operating cash flow, or Segment OCF, of £1,053.6 million for the six months ended June 30, 2016. For our definition of Segment OCF and a reconciliation to operating income, see "*Presentation of Financial and Other Information—Other Financial Measures*" and "*Summary Financial and Operating Data of Virgin Media—Virgin Media Summary Operating Data*" in this Offering Circular.

For further information regarding the business of Virgin Media and the services it provides to customers, see "*Description of Virgin Media—Business of Virgin Media*" in this Offering Circular.

### Virgin Media's Strategy

Our long-term strategy is to increase our revenue and Segment 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 video, 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. 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, including our Network Extension program, that will drive future revenue and Segment OCF growth. For more information regarding the Network Extension, see "*Description of Virgin Media—Management's Discussion and Analysis of Financial Condition and Results of Operations of Virgin Media—Overview*".

### The Issuer

The Issuer, Virgin Media Receivables Financing Notes I Designated Activity Company, was incorporated as a designated activity company in Ireland with registered number 577958 on February 29, 2016 pursuant to the Companies Act 2014 (as amended). The registered office of the Issuer is at 3<sup>rd</sup> Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland and its telephone number is +353 1 6146240. The Issuer was incorporated for an indefinite duration and has no other commercial name. The authorized share capital of the Issuer is £100 divided into 100 ordinary shares of £1.00 each, plus £100,000,000 divided into 100,000,000 Class B, non-voting, non-dividend bearing shares of £1.00 each. The Issuer has issued 1 ordinary share of £1.00 and will, on the Issue

Date, issue 2,000,000 Class B, non-voting, non-dividend bearing shares of £1.00 each (the “**Shares**”), which are and will be, respectively, fully paid up and held by TMF Management (Ireland) Limited (the “**Share Trustee**”) under the terms of a declaration of trust dated March 23, 2016, as amended and restated on September 16, 2016 (the “**Declaration of Trust**”).

The Issuer has, and will have, no material assets other than the Assigned Receivables held from time to time, the balances standing to the credit of the Issuer Transaction Accounts and the benefit of the Transaction Documents to which the Issuer is or may become a party or in respect of which it has or may have any right, title, benefit or interest (including the New VM Facilities Agreement, the Expenses Agreement, the Issue Date Arrangements Agreement and the Framework Assignment Agreement), such fees (as agreed) payable to it in connection with the issue of the Notes, the sum of £1.00 representing the proceeds of its issued and paid up ordinary share capital which is held in the Issuer Profit Account, and the remainder of the amounts standing to the credit of the Issuer Profit Account. The Issuer is dependent upon payments it receives in respect of the Assigned Receivables and under the Framework Assignment Agreement, the New VM Facilities Agreement, the Expenses Agreement and the related agreements to make payments on the Notes.

None of Virgin Media, VMIH or their respective subsidiaries have any equity or voting interest in the Issuer, and accordingly, the Issuer will not be consolidated into Virgin Media’s consolidated financial statements.

### **Overview of the Structure of the Offering of the Notes**

As part of the Transactions, the Issuer intends to issue £350,000,000 aggregate principal amount of the Notes. As more fully described below, the proceeds from the offering of the Notes will be used to purchase eligible payment obligations and accounts receivable relating thereto owing by VMIH and certain of its subsidiaries, to make certain loans available to VMIH and for the other purposes described herein. Defined terms used but not defined herein have the meaning ascribed to them in the “*Definitions*” section at the front of this Offering Circular.

In the course of their business, VMIH and its subsidiaries purchase goods and/or services from suppliers pursuant to the terms of various supply contracts, and those suppliers issue invoices requiring the relevant Obligor (as defined below) to make payment for the purchase of such goods and/or services on the terms specified in the applicable invoice and supply contract. Each invoice evidences an amount payable by an Obligor to a Supplier (as defined below) as a result of an existing business relationship and includes all rights attaching thereto under the relevant contract to which such invoice relates and the SCF Platform Documents (as defined below) (as defined and further described in “*Description of the Receivables*” included elsewhere in this Offering Circular, each, a “**Receivable**” and collectively, the “**Receivables**”). From time to time, an Obligor may upload an Electronic Data File containing details of Receivables payable to a Supplier (as defined elsewhere in this Offering Circular) on to the SCF Platform (as defined below) (an “**Upload**”). The designation of such uploaded Receivables as “approved” by an Obligor (an “**Approved Platform Receivable**”) will initially give rise to an independent and primary obligation by VMIH to make payment or cause payment to be made to the Relevant Recipient on the Confirmed Payment Date (as defined below) in respect of such Approved Platform Receivable (a “**Parent Payment Obligation**”). As permitted in accordance with the terms pursuant to which the relevant assets were acquired and/or services supplied, the relevant Obligor will specify, in such Electronic Data File, the date on which such Parent Payment Obligation and the related Receivable will be paid (which date will be either the original invoice date or a date up to 360 days from the original invoice date, each, a “**Confirmed Payment Date**”).

As part of its participation in the SCF Platform, each Supplier has agreed that it will offer to sell Parent Payment Obligations and the related Receivables to the Platform Provider (as defined elsewhere in this Offering Circular). In such cases, the Platform Provider may purchase the relevant Parent Payment Obligation and such related Receivable from the Supplier at a price intended to be equal to the original face value of the invoice owed to the Supplier (as further described below under “*SCF Platform Documents—Discounted Payments Purchase Agreements*”).

Upon each sale and assignment of a Parent Payment Obligation and the related Receivable from the Supplier to the Platform Provider through the SCF Platform (each, an “**Initial Transfer**”), each Obligor will become jointly and severally liable with each other Obligor to make payment or cause payment to be made to the Relevant Recipient on the Confirmed Payment Date in respect of such Parent Payment Obligation (such Parent Payment Obligation, as enhanced by the joint and several payment undertaking of each Obligor, a “**Payment Obligation**”). Pursuant to the Framework Assignment Agreement (as defined below), the Platform Provider may



subsequently offer to sell and assign to the Issuer, on a non-recourse basis, eligible Payment Obligations and the related Receivables (solely to the extent that such Receivables have been acquired by the Platform Provider) (collectively and as further described and defined below, the “**VM Accounts Receivable**”).

On or about the Issue Date, the Issuer will use the proceeds from the offering of the Notes *minus* the Initial Interest Reserve Amount (as defined below) *plus* any upfront payment payable by VMIH under the New VM Facilities Agreement (as defined below) to finance the purchase of eligible VM Accounts Receivable pursuant to the terms and conditions of the Framework Assignment Agreement. To the extent that there are not sufficient VM Accounts Receivable available for purchase by the Issuer on the first Value Date (as defined below), the Issuer will advance any excess proceeds from the offering of the Notes to VMIH as a revolving loan under the New VM Facilities Agreement (an “**Excess Cash Loan**”, collectively with other loans advanced under the Excess Cash Facility (as defined below) from time to time, the “**Excess Cash Loans**”).

Following the Issue Date, as VM Accounts Receivable purchased by the Issuer (the “**Assigned Receivables**”) are settled at their respective maturities, the Platform Provider (acting as collection agent for the Issuer under the Framework Assignment Agreement) will receive an amount from the relevant Obligor (a “**Collected Amount**”) towards repayment of an amount equal to the Outstanding Amount (as defined below) relating to such Assigned Receivables. The Issuer will reutilize such Collected Amount, *less* the portion of such Collected Amount comprising Premium (as defined below) (each such difference, a “**Collected Principal Amount**”), to purchase (through the Platform Provider) new VM Accounts Receivable, to the extent available for purchase, or to advance such funds to VMIH as additional Excess Cash Loans. Excess Cash Loans will bear a rate of interest of \_\_\_\_%. The rate of interest on the Excess Cash Loans, together with the interest earned on the Issue Date Facility Loan (as defined below) under the Issue Date Facility (as defined below), is intended to provide the Issuer with the same rate of return in respect of the Committed Principal Proceeds (as defined below) not invested in VM Accounts Receivable (including any Retained Collected Amount (as defined below)) as Noteholders will receive in respect of the Notes. Interest on the Excess Cash Loans and the Issue Date Facility Loan will be computed on the basis of a 360-day year comprising twelve 30-day months. From time to time, as further VM Accounts Receivable become available for purchase through the SCF Platform, the Issuer will, directly or indirectly, fund such purchases with Collected Principal Amounts and any Purchase Price Return Amounts (as defined below) which are expected to be credited to the Issuer on the relevant Value Date (such amounts, collectively, “**Interim Platform Amounts**”), and to the extent such purchases cannot be fully funded by Interim Platform Amounts, by demanding, on a weekly basis, repayment of a principal amount of Excess Cash Loans then outstanding equal to such shortfall.

The primary sources of payment of interest on the Notes will be:

1. the premium earned by the Issuer on Assigned Receivables (the “**Premium**”), being an amount equal to the difference between (i) the Outstanding Amounts (as further defined and described below under “*Purchases and Collections of VM Accounts Receivable—The Framework Assignment Agreement*”) collected upon maturity thereof, *less* (ii) the Purchase Price Amounts (as further defined and described below under “*Purchases and Collections of VM Accounts Receivable—The Framework Assignment Agreement*”) at which such Assigned Receivables are initially purchased by the Issuer;
2. the interest earned by the Issuer on Excess Cash Loans and the Issue Date Facility Loan made to VMIH under the New VM Facilities Agreement (the “**VM Facilities Interest**”).

Additionally, the Issuer may, from time to time, receive interest paid by the Platform Provider on (i) Retained Collected Amounts (being Collected Amounts which have not been paid to the Issuer towards satisfaction of the relevant Outstanding Amount and not been used to purchase further VM Accounts Receivable) (such interest, the “**Retained Collected Amount Interest**”); (ii) Excess Requested Purchase Price Amounts (as defined below), being funds transferred to the Platform Provider which have not been applied towards the purchase of new VM Accounts Receivables on the relevant Value Date (such interest, the “**Excess Requested Purchase Price Interest**”); and (iii) funds exceeding the Requested Purchase Price Amount Aggregate Limit (as defined below) of £50.0 million (such excess, the “**Aggregate Amount Excess**”, collectively with the Excess Requested Purchase Price Amounts and Unutilised Collected Amounts (as defined below), the “**Purchase Price Return Amounts**”), and which have not been repaid to the Issuer in accordance with the timeframe set out in the Framework Assignment Agreement (such interest, as further defined and described below, the “**Delayed Aggregate Amount Interest**”, collectively with the Retained Collected Amount Interest and the Excess Requested Purchase Price Interest, the “**Retained Amount Interest**”). The Retained Amount Interest will be calculated in accordance with the Framework Assignment Agreement (as described below) and the Agency and Account Bank Agreement (as described elsewhere in this Offering Circular), and will be deemed to accrue on the basis of a 360-day year comprised of twelve 30-day months.

The Premium, the VM Facilities Interest and the Retained Amount Interest are, collectively, the “**Interest Proceeds**”. To the extent the Interest Proceeds earned during an interest payment period are insufficient to fund scheduled payments of interest on the Notes, the deficiency will be made up by VMIH via a Shortfall Payment (as defined below) to be paid to the Issuer.

The primary sources of repayment of principal on the Notes, on the Maturity Date or at early redemption of the Notes in accordance with the Conditions, will be:

1. the Collected Principal Amounts repaid in respect of Assigned Receivables at their respective maturities; and
2. repayments of Excess Cash Loans and (with respect to repayment of principal on the Maturity Date of the Notes or at early redemption of the Notes in accordance with the Conditions) the Issue Date Facility Loan.

Additionally, the Issuer may, from time to time, receive repayments from the Platform Provider of Purchase Price Return Amounts (if any), which will be applied towards repayment of principal on the Notes on the Maturity Date or at early redemption of the Notes in accordance with the Conditions.

Whether in respect of settlement of Assigned Receivables, repayment of loans advanced under the New VM Facilities Agreement or funding of any Shortfall Payment, among other payment obligations, the Issuer will ultimately be reliant on funds from VMIH and certain of its subsidiaries to make payments due under the Notes.

In connection with the Transactions, the Issuer will enter into the following agreements, among others:

1. the Framework Assignment Agreement, pursuant to which the Issuer will periodically use any Excess Cash to purchase available VM Accounts Receivable. References to “**Excess Cash**” are to uninvested funds in an amount equal to (i) the Committed Principal Proceeds, *minus* (ii) the Requested Purchase Price Amounts paid by the Issuer (taking into account any Interim Platform Amount) for any Assigned Receivables outstanding as of the relevant determination date;
2. the New VM Facilities Agreement, pursuant to which the Issuer will (i) make loans (each, an “**Interest Facility Loan**” and collectively, the “**Interest Facility Loans**”) to VMIH under the Interest Facility (as defined below), (ii) to the extent that VM Accounts Receivable are not available for purchase through the SCF Platform, use Excess Cash to make Excess Cash Loans to VMIH under the Excess Cash Facility, (iii) make the Issue Date Facility Loan to VMIH under the Issue Date Facility, and (iv) make certain payments to VMIH (including any Excess Arrangement Payment (as defined below)), and pursuant to which VMIH will make certain payments to the Issuer (including any Shortfall Payment);
3. the Expenses Agreement, pursuant to which the Issuer will be entitled to (i) receive reimbursement from VMIH in respect of certain fees and expenses of the Issuer, including certain fees and expenses in relation to the issuance of the Notes, and (ii) receive certain payments from VMIH in respect of amounts that may become due and payable in respect of the Notes, including certain fees and expenses in relation to the issuance of the Notes, certain tax liabilities of the Issuer, any Additional Amounts (as defined in the section titled “*Terms and Conditions of the Notes*”), any premiums on redemption of the Notes, and any interest on overdue amounts under the Notes; and
4. the Agency and Account Bank Agreement, pursuant to which The Bank of New York Mellon, London Branch as administrator will agree, among other things, to provide certain portfolio administration and calculation services to and/or on behalf of the Issuer.

The terms of the Expenses Agreement, the New VM Facilities Agreement (including the Interest Facility, the Excess Cash Facility and the Issue Date Facility thereunder), the Agency and Account Bank Agreement, the Framework Assignment Agreement and the related SCF Platform Documents are more fully described below under “*New VM Facilities*”, “*Purchases and Collections of VM Accounts Receivable—The Framework Assignment Agreement*”, “*SCF Platform Documents*”, and “*Summary of Principal Documents*” found elsewhere in this Offering Circular.

#### ***Issuer Transaction Accounts***

As part of the Transactions, the Issuer will establish and maintain three dedicated transaction accounts:

1. an “**Issuer Collection Account**”, through which the Issuer will, among other things, receive payments of Collected Amounts on Assigned Receivables, other payments (if any) from the Platform Provider

pursuant to the Framework Assignment Agreement, and payments of amounts under the New VM Facilities Agreement (with any such payments and amounts so received being immediately credited to the Interest Proceeds Account or the Principal Proceeds Account, as applicable);

2. an “**Interest Proceeds Account**”, through which the Issuer will, among other things, finance the payment of interest on the Notes; and
3. a “**Principal Proceeds Account**” (together with the Issuer Collection Account and the Interest Proceeds Account, the “**Issuer Transaction Accounts**”), through which the Issuer will, among other things, finance its periodic purchases of VM Accounts Receivable available through the SCF Platform and the ultimate repayment of principal on the Notes.

#### *The Interest Proceeds Account*

On the Issue Date, the Issuer will make an initial Interest Facility Loan to VMIH in a principal amount equal to the aggregate amount which will be due and payable on the Notes as interest on the first two Interest Payment Dates (the “**Initial Interest Reserve Amount**”) under the Interest Facility. Subsequent to the Issue Date, and from time to time, the Issuer will deposit into the Interest Proceeds Account:

1. upon maturity and repayment of each Assigned Receivable, an amount equal to the Premium earned by the Issuer upon collection (collectively, the “**Collected Premium Amounts**”);
2. any Retained Amount Interest paid by the Platform Provider;
3. any VM Facilities Interest;
4. the proceeds from the repayment of any Interest Facility Loan; and
5. any Shortfall Payment paid by VMIH pursuant to the New VM Facilities Agreement.

Subsequent to the Issue Date and from time to time, the Issuer will use the funds available in the Interest Proceeds Account:

1. to fund the payment of interest on the Notes on each scheduled Interest Payment Date;
2. to make Interest Facility Loans to VMIH on a daily basis;
3. to fund payment of any Excess Arrangement Payment (as defined below), when due and payable, to VMIH pursuant to the New VM Facilities Agreement.

#### *The Principal Proceeds Account*

On the Issue Date, the Issuer will have an amount available for the purchase of VM Accounts Receivable equal to £334.3 million (the “**Committed Principal Proceeds**”), representing the net proceeds of the Notes *minus* the Initial Interest Reserve Amount *plus* any upfront payments payable by VMIH pursuant to the New VM Facilities Agreement. On or about the Issue Date, the Issuer will (i) firstly, deposit into the Principal Proceeds Account an amount of the Committed Principal Proceeds equal to the amount required for the purchase of VM Accounts Receivable by the Issuer on the first Value Date (a “**Requested Purchase Price Amount**”) (or will direct that payment be made directly for such purchase for its account by the Common Depositary), and (ii) secondly, use any remaining Committed Principal Proceeds to fund an initial Excess Cash Loan to VMIH under the Excess Cash Facility pursuant to the New VM Facilities Agreement. Subsequent to the Issue Date, and from time to time, the Issuer will deposit into the Principal Proceeds Account:

1. upon the maturity and repayment of each Assigned Receivable, an amount equal to the Collected Principal Amount on such Assigned Receivable which has been returned to the Issuer upon the ultimate collection of such Assigned Receivable pursuant to the terms of the Framework Assignment Agreement;
2. any Purchase Price Return Amount paid by the Platform Provider to the Issuer pursuant to the terms of the Framework Assignment Agreement; and
3. the principal amount of any Excess Cash Loans or (with respect to the final repayment date) the Issue Date Facility Loan repaid by VMIH.

Subsequent to the Issue Date and from time to time, the Issuer will use the funds available in the Principal Proceeds Account:

1. to purchase available VM Accounts Receivable through the SCF Platform;

2. to make Excess Cash Loans to VMIH on a daily basis, and
3. upon the maturity of the Notes, to repay amounts outstanding under the Notes.

#### ***Purchases and Collections of VM Accounts Receivable—The Framework Assignment Agreement***

On or about the Issue Date, the Issuer, as purchaser, will enter into the Framework Assignment Agreement (as defined elsewhere in this Offering Circular) with, among others, the Platform Provider, VMIH as the parent (the “**Obligors’ Parent**”) and The Bank of New York Mellon, London Branch as administrator. Under the Framework Assignment Agreement, from time to time commencing on the Issue Date, the Issuer may purchase and have assigned to it on a non-recourse basis, up to the total amount of Committed Principal Proceeds, and the Platform Provider may sell and assign on a non-recourse basis, eligible VM Accounts Receivable that are made available by Suppliers and uploaded by the Obligors to the SCF Platform. For purposes of this overview, “**VM Account Receivable**” means a Payment Obligation and the Receivable in respect of which such Payment Obligation has arisen, solely to the extent that such Receivable has been acquired by the Platform Provider.

Each VM Account Receivable to be purchased by the Issuer must meet, and the Obligors’ Parent will represent and warrant (on behalf of itself and as agent for the Obligors) on the date of each sale and assignment of any VM Account Receivable from the Platform Provider to

the Issuer (each such date, an “**Assignment Date**”) in accordance with the Framework Assignment Agreement, that such VM Account Receivable meets, the following eligibility criteria: that such VM Account Receivable (i) (with respect to the Payment Obligation component of such VM Account Receivable only) is owed by the Obligors on a joint and several basis; (ii) (with respect to the Payment Obligation component of such VM Account Receivable only) is governed by English law; (iii) is denominated in pounds sterling; (iv) is the legal, valid and binding obligation of the Obligors party thereto; (v) is capable of being freely and validly transferred in the manner provided by the Framework Assignment Agreement, so that on purchase the Issuer will receive good title; (vi) is due and payable in full without any right of set-off, counterclaim or deduction in favour of the Obligors; and (vii) has a maturity date that is no later than two Business Days prior to the Maturity Date of the Notes. For a further description of the VM Accounts Receivable, see “*Description of the Receivables*” included elsewhere in this Offering Circular. Additionally, immediately prior to each Assignment Date, the Platform Provider will represent and warrant that it is entitled to assign the relevant Payment Obligation pursuant to the terms of the Framework Assignment Agreement, and that it has not assigned, transferred or otherwise disposed of, or created any encumbrance or security interest over, such Payment Obligation. Furthermore, the Platform Provider will undertake that it will not, without the consent of the Issuer, take any action that would adversely affect a Payment Obligation or the Issuer’s interest(s) therein (as further described in “*Summary of Principal Documents—Framework Assignment Agreement*” included elsewhere in this Offering Circular).

Each Payment Obligation will be the joint and several obligation of VMIH and each of the Subsidiary Obligors. On the Issue Date, the eligible Subsidiary Obligors will be Virgin Media Limited, Virgin Mobile Telecoms Limited and Virgin Media Senior Investments Limited (each, a “**Subsidiary Obligor**” and collectively, the “**Subsidiary Obligors**”; together with the Obligors’ Parent, the “**Obligors**”). For the avoidance of doubt, although Virgin Media Ireland Ltd. is historically a “Buyer Entity” under the APMSA (as further described below), it will not be an eligible Subsidiary Obligor under the Framework Assignment Agreement on and following the Issue Date, and therefore, none of the Assigned Receivables will be owed by it.

#### ***Purchases of VM Accounts Receivable with Requested Purchase Price Amounts***

On or shortly following the Issue Date (as further described in “*Description of Virgin Media—Capitalization of Virgin Media*” included elsewhere in this Offering Circular), the Platform Provider is expected to sell and assign to the Issuer VM Accounts Receivable for a Requested Purchase Price Amount of £334.3 million, which the Issuer will fund with all or a portion of the Committed Principal Proceeds. See the section entitled “*Use of Proceeds*” included elsewhere in this Offering Circular. In connection with such sale and assignment, the Platform Provider will deliver to the Issuer:

1. an assignment framework note (substantially in the form attached to the Framework Assignment Agreement, an “**Assignment Framework Note**”) to be accepted and agreed to by the Issuer, pursuant to which the Issuer will agree, among other things, to purchase Payment Obligations (and the Receivables related thereto, solely to the extent that such Receivables have been acquired by the Platform Provider), in whole but not in part, issued by the Obligors at the relevant Purchase Price Amounts in an aggregate amount equal to a limit (in respect of purchased Payment Obligations which have not been settled) specified therein (the “**Purchase Limit**”); and



2. one or more notices related to such Assignment Framework Note (substantially in the form attached to the Framework Assignment Agreement, each, an “**Assignment Notice**”) instructing the Issuer to pay to the Platform Provider, as consideration for the sale and assignment of the relevant VM Accounts Receivable, a requested amount (a “**Requested Purchase Price Amount**”) on the date falling five Business Days following receipt by the Issuer of such Assignment Notice (a “**Value Date**”).

As used herein, a “**Purchase Price Amount**” means, in relation to any VM Account Receivable, an amount equal to the Outstanding Amount (as defined below) of such VM Account Receivable *less* the Applied Discount (as defined in the context of the Framework Assignment Agreement) (as defined below) calculated as at the relevant Assignment Date. “**Outstanding Amount**” means, with respect to a Payment Obligation, an amount equal to (i) the gross amount of the Approved Platform Receivable in respect of which the Payment Obligation arose, *less* (ii) the sum of all Credit Notes (as defined below under “*SCF Platform Documents—Accounts Payable Management Services Agreement*”) allocated to that Payment Obligation pursuant to the terms of the APMSA. “**Applied Discount**” refers (i) in the context of the APMSA, to the discount amount that the Platform Provider will deduct from the Certified Amount (as defined below under “*SCF Platform Documents—Accounts Payable Management Services Agreement*”) in case of a transfer of the Payment Obligation prior to the Confirmed Payment Date pursuant to the terms of the APMSA and each relevant Discounted Payments Purchase Agreement and (ii) in the context of the Framework Assignment Agreement, to the discount amount that the Platform Provider will deduct from the Certified Amount in the case of a transfer of the Payment Obligation prior to the Confirmed Payment Date pursuant to the terms of the APMSA and each relevant Discounted Payments Purchase Agreement, *less* the processing fee due to the Platform Provider specified in the APMSA (which will initially be 0.25%) (the “**Platform Provider Processing Fee**”).

From time to time following the Issue Date, the Platform Provider may, at its discretion (but not more than once per week prior to the service of a notice of termination (as further described below)) and to the extent that the Requested Purchase Price Amount specified in such Assignment Notice together with all other outstanding Requested Purchase Price Amounts which have not been applied towards the purchase of VM Accounts Receivable would not exceed £50.0 million at such time (the “**Requested Purchase Price Amount Aggregate Limit**”), serve further Assignment Notices (which may also be Primary Assignment Notices (as defined and further described below under “*—Collections on Assigned Receivables and Further Purchases of VM Accounts Receivable with Collected Principal Amounts*”)) to the Issuer pursuant to the relevant Assignment Framework Note.

Following the receipt of an Assignment Notice, so long as no Non-Compliance Event (as defined below) has occurred and is continuing, the Issuer will pay, on the relevant Value Date, the relevant Requested Purchase Price Amount (which may be adjusted as further described below) to the Platform Provider, which shall have the effect of the Platform Provider immediately selling and assigning, without further action on the part of any person or entity, all of its rights, title and interest in and to the relevant Payment Obligations (and the Receivables related thereto, solely to the extent that such Receivables have been acquired by the Platform Provider) at the relevant Purchase Price Amounts to the Issuer pursuant to the relevant Assignment Framework Note (an “**Assignment**”). The Requested Purchase Price Amount (and the corresponding VM Accounts Receivable) will be adjusted if the aggregate of all Requested Purchase Price Amounts, together with (without double counting) the aggregate of all Purchase Price Amounts in respect of outstanding Assigned Receivables would be higher than the relevant Purchase Limit specified in that Assignment Framework Note. In such event, the Issuer must notify the Platform Provider within two Business Days of receipt of the relevant Assignment Notice (i) of such circumstance and (ii) that the Requested Purchase Price Amount will (A) be reduced to equal the amount which would cause the aggregate Requested Purchase Price Amount, together with (without double counting) the aggregate of all Purchase Price Amounts in respect of outstanding Assigned Receivables to equal such Purchase Limit and/or (B) cancelled to the extent necessary such that the relevant assignment is for the whole, and not part, of the VM Accounts Receivable.

The Issuer will not be obliged to pay a Requested Purchase Price Amount specified in an Assignment Notice if any of the following events (each, a “**Non-Compliance Event**”) have occurred and is continuing (provided that the Issuer notifies the Platform Provider, within two Business Days of the receipt of such Assignment Notice, that one or more Non-Compliance Events have occurred and of the Issuer’s intention not to comply with such Assignment Notice): (i) if the Framework Assignment Agreement or relevant Assignment Framework Note has been terminated prior to the date of such Assignment Notice; (ii) if the terms and conditions of such Assignment Notice materially deviate from the terms and conditions of the Framework Assignment Agreement or the relevant Assignment Framework Note; (iii) if a Buyer Event of Default (as defined below) is continuing in respect of any Obligor; and/or (iv) if a specified insolvency event occurs in respect of the Platform Provider which directly results in the Platform Provider not continuing its business as contemplated under the Framework



Assignment Agreement. If, following the receipt of a Requested Purchase Price Amount on a Value Date, the Platform Provider has acquired (or determines that it will on such Value Date acquire) insufficient VM Accounts Receivable to apply the whole of the Requested Purchase Price Amount received on such Value Date, the Platform Provider will either (i) serve, on such Value Date, one or more notices (substantially in the form set out in the Framework Assignment Agreement, each, a **“Purchase Price Return Notice”**) to the Issuer and, on the Business Day following the date of such Purchase Price Return Notice (a **“Settlement Date”**), pay to the Issuer Collection Account, the excess Requested Purchase Price Amount not applied towards the purchase of VM Accounts Receivable (such excess, the **“Excess Requested Purchase Price Amount”**); or (ii) retain such Excess Requested Purchase Price Amount for a period of up to four Business Days following such Value Date (an **“Excess Retention Period”**, and the final day thereof (which, at the Platform Provider’s discretion, may occur prior to the fourth Business Day following such Value Date), the **“Excess Retention Period End Date”**) to be applied towards the purchase of any VM Accounts Receivable arising during such Excess Retention Period. If the Platform Provider chooses to retain such Excess Requested Purchase Price Amount, it further agrees that (i) if the Platform Provider acquires any VM Accounts Receivable during such Excess Retention Period, it will sell and assign such VM Accounts Receivables to the Issuer (and the Platform Provider will be deemed to have served an Assignment Notice in respect of such Assigned Receivables); and (ii) on the Business Day prior to the Excess Retention Period End Date, the Platform Provider will serve a Purchase Price Return Notice in respect of any remaining Excess Requested Purchase Price Amount to the Issuer, and subsequently pay such remaining Excess Requested Purchase Price Amount to the Issuer Collection Account on such Excess Retention Period End Date, together with all Excess Requested Purchase Price Interest (as defined below) due in respect thereof. **“Excess Requested Purchase Price Interest”** shall accrue daily at the Funding Rate, calculated on any Excess Requested Purchase Price Amount retained by the Platform Provider (and not applied towards the purchase of VM Accounts Receivable), from (and including) the first day of the relevant Excess Retention Period to (and including) the relevant Excess Retention Period End Date, or such later date on which the Issuer receives such Excess Requested Purchase Price Amount together with all interest due in respect thereof. As used herein, **“Funding Rate”** means a rate equal to the per annum margin specified in Clause 13.1 of the APMSA (less the the Platform Provider Processing Fee) over 1-month GBP Libor; *provided that* if 1-month GBP Libor is less than zero, 1-month GBP Libor shall be deemed to be zero.

Additionally, if on any Business Day the aggregate Requested Purchase Price Amounts held by the Platform Provider (and not applied towards the purchase of VM Accounts Receivable) exceeds the Requested Purchase Price Amount Aggregate Limit (such excess, an **“Aggregate Amount Excess”**), the Platform Provider will immediately serve a Purchase Price Return Notice in respect of such Aggregate Amount Excess, and pay such Aggregate Amount Excess to the Issuer Collection Account on the relevant Settlement Date. Any Aggregate Amount Excess not returned to the Issuer by the relevant Settlement Date (such amount, a **“Delayed Aggregate Amount”**) shall accrue interest daily at the Funding Rate, calculated from (and including) such Settlement Date to (and including) such later date on which the Issuer receives the Delayed Aggregate Amount, together with all interest due in respect thereof (the **“Delayed Aggregate Amount Interest”**).

#### *Collections on Assigned Receivables and Further Purchases of VM Accounts Receivable with Collected Principal Amounts*

Prior to the service of an Obligor Enforcement Notification (as defined and further described below), the Platform Provider will act as collection agent for the Issuer in respect of any Collected Amounts received or recovered relating to Assigned Receivables, in accordance with the SCF Platform Documents. Except in circumstances where certain Collected Principal Amounts are applied towards the purchase of new VM Accounts Receivable (as further described below), the Platform Provider will apply any Collected Amount, within one Business Day of receipt or recovery thereof (such scheduled date of application, a **“Collected Amount Forwarding Date”**), in or towards the repayment to the Issuer of an amount equal to the Outstanding Amount of the relevant Assigned Receivables (to the extent that such Assigned Receivables remain outstanding and has not been settled or otherwise paid to the Issuer).

From time to time, the Platform Provider may serve an Assignment Notice (a **“Primary Assignment Notice”**) which states that any Collected Principal Amounts in respect of Assigned Receivables relating to such Primary Assignment Notice are to be treated as further payments of Requested Purchase Price Amounts. So long as (i) no Non-Compliance Event has occurred and is continuing (and in respect of which the Issuer has notified the Platform Provider that the purchase mechanics described in this paragraph will not apply), (ii) the Requested Purchase Price Amount Aggregate Limit will not be exceeded upon the deemed payment of the Requested Purchase Price Amount in the New Assignment Notice (as defined below), upon receipt by the Platform Provider

of any Collected Amount on an Assigned Receivable relating to such Primary Assignment Notice, or (iii) no notice of termination has been served (as further described below), then (i) the Platform Provider will be deemed to have served an Assignment Notice on exactly the same terms as the Primary Assignment Notice, except for the Requested Purchase Price Amount (which will be equal to the Collected Principal Amount that would otherwise be due and payable to the Issuer) (such notice, the “**New Assignment Notice**”); and (ii) the Platform Provider’s obligation to pay such Collected Principal Amount to the Issuer will be set off against the Issuer’s obligation to pay the Requested Purchase Price Amount under the New Assignment Notice. For the avoidance of doubt, the purchase mechanics described in this paragraph will not affect the Platform Provider’s obligation to pay to the Issuer any Premium on the relevant Collected Amount Forwarding Date. If, three Business Days following the service of a New Assignment Notice, the Platform Provider still holds any Collected Amounts which have not been utilised for the purchase of new VM Accounts Receivable (such amounts, “**Unutilised Collected Amounts**”), the Platform Provider will immediately serve a Purchase Price Return Notice to the Issuer in respect of such Unutilised Collected Amounts, and will pay such Unutilised Collected Amounts to the Issuer Collection Account on the relevant Settlement Date. The Platform Provider will pay the Issuer interest on any “**Retained Collected Amounts**” (being any Collected Amount which has not been paid to the Issuer towards satisfaction of the relevant Outstanding Amount and not been used to purchase further VM Accounts Receivable as described above). Interest on Retained Collected Amounts shall accrue daily at the Funding Rate, calculated from (and including) the relevant scheduled Collected Amount Forwarding Date to (and including) the relevant Settlement Date or such later date on which the Issuer receives the Retained Collected Amount, together with all interest due in respect thereof, as the case may be (the “**Retained Collected Amount Interest**”), and will be paid to the Issuer Collection Account on the relevant Settlement Date or such later date, as applicable.

#### *Buyer Events of Default and Obligor Enforcement Notification*

The Issuer may not serve (or cause or permit to be served) a notice to the Obligors informing them of an Assignment (an “**Obligor Enforcement Notification**”) prior to the occurrence of (i) a failure by any Obligor to pay any Payment Obligation in full to the Platform Provider on the date such payment was due (taking into account any applicable grace period under the APMSA), (ii) a specified insolvency event in respect of any Obligor, (iii) a breach of the representations and warranties of the Obligors’ Parent with respect to the eligibility of the VM Accounts Receivable, which is not capable of remedy (or if such breach is capable of remedy, is not remedied within five Business Days of notice) (each such event in (i) to (iii), a “**Buyer Event of Default**”), or (iv) a specified insolvency event in respect of the Platform Provider. See “*Risk Factors—Risks relating to the Receivables and the SCF Platform—The transfer of VM Accounts Receivable under the Framework Assignment Agreement takes place only under equity until notice of assignment is given to the Obligors*”. Following the occurrence of any of the foregoing events, the Issuer may serve or direct the Platform Provider to serve an Obligor Enforcement Notification (*provided that* the Platform Provider may, but is not obliged to, serve an Obligor Enforcement Notification at any time as it sees fit and pursuant to the circumstances described in the paragraph below).

As soon as reasonably practicable after the occurrence of a Buyer Event of Default, the Platform Provider will, among other things, (i) provide the Issuer with notice of such Buyer Event of Default and the details thereof, as well as regular status updates with respect to the affected Assigned Receivables; (ii) turn over to the Issuer any Purchase Price Return Amount in accordance with the terms of the Framework Assignment Agreement; and (iii) in consultation with the Issuer and the Obligors’ Parent (provided such consultation is permitted by the terms of the Framework Assignment Agreement), take (or refrain from taking) any steps that the Platform Provider sees fit to recover all amounts payable, as well as default interest and other costs and expenses, each as permitted under the APMSA and the relevant Discounted Payments Purchase Agreement(s).

Following service of an Obligor Enforcement Notification, the Platform Provider will cease to act as the Issuer’s collection agent in respect of the relevant Assigned Receivables. For a further description of the provisions relating to Buyer Events of Default and Obligor Enforcement Notification, see “*Summary of Principal Documents—Framework Assignment Agreement*” included elsewhere in this Offering Circular.

#### *Assignment and Termination*

The Issuer may assign or transfer its rights under the Framework Assignment Agreement and the Assignment Framework Notes (including its rights to Assigned Receivables), without the consent of the other parties only in certain specified circumstances and in accordance with the procedures set forth in the Framework Assignment Agreement, as further described under “*Summary of Principal Documents—Framework Assignment*

*Agreement*” included elsewhere in this Offering Circular. Similarly, the Platform Provider may assign or transfer its rights under the Framework Assignment Agreement only with the prior written consent of the other parties and in such specified circumstances; *provided, however*, that the Platform Provider may assign or transfer any of its rights in Assigned Receivables to an affiliate without the consent of any other party, and may also assign or transfer any of its rights or obligations under the Framework Assignment Agreement, as the provider and administrator of the SCF Platform, to an affiliate with the prior written consent of the Issuer (which shall not be unreasonably withheld or delayed).

The Framework Assignment Agreement and/or any Assignment Framework Note issued thereunder may be terminated by the Issuer or the Platform Provider upon 10 Business Days’ prior notice to the other parties thereto; *provided that* with respect to a termination by the Platform Provider, the effective date of the termination shall not be earlier than the effective date of termination of the APMSA (as further described below). Additionally, the Platform Provider and/or the Issuer may terminate the Framework Assignment Agreement and/or any Assignment Framework Note with immediate effect upon the occurrence of certain events, including a breach of material obligations of the Obligor’s Parent (subject to a 30 days grace period), a material breach of the representation and warranties of the Obligor’s Parent (subject to a 30 days grace period), or if a specified insolvency event has occurred in respect of the Obligor’s Parent. For a further description of termination events, see “*Summary of Principal Documents—Framework Assignment Agreement*” included elsewhere in this Offering Circular.

The terms of the related SCF Platform documents are more fully described below under “*SCF Platform Documents*”.

#### ***New VM Facilities***

On any Business Day which is not a Value Date, and on any Value Date (in this case, to the extent that there are any Committed Principal Proceeds that cannot be invested in VM Accounts Receivable due to a shortage of VM Accounts Receivable available for purchase through the SCF Platform), the Issuer will utilize any Excess Cash to make interest-bearing Excess Cash Loans to VMIH under the New VM Facilities Agreement, as further described below. This use of Excess Cash, together with the interest earned on the Issue Date Facility Loan, will provide the Issuer with the same rate of return in respect of the Committed Principal Proceeds not invested in VM Accounts Receivable (including any Retained Collected Amounts) as Noteholders will receive in respect of the Notes, instead of leaving the same funds (represented by the Excess Cash) uninvested in the Principal Proceeds Account pending their application for the purchase of new VM Accounts Receivable. In addition, since the Issuer was formed solely for the purpose of facilitating the Transactions and issuing the Notes, and is not expected to engage in any business activities other than those related to its formation and the Transactions (including the offering of the Notes and the funding of loans under the New VM Facilities Agreement), the Issuer intends to lend any Interest Proceeds that it collects from time to time to VMIH, in the form of non-interest bearing Interest Facility Loans under the New VM Facilities Agreement, as further described below. The Issuer will also fund the interest-bearing Issue Date Facility Loan under the Issue Date Facility, as further described below. Proceeds of any loans made by the Issuer to VMIH under the New VM Facilities Agreement may be used by VMIH for general corporate purposes.

On the Issue Date, the Issuer, as lender, will enter into a senior unsecured facilities agreement (the “**New VM Facilities Agreement**”) with VMIH as borrower, and The Bank of New York Mellon, London Branch as administrator for the Issuer (together with any successor thereto approved or appointed by the Issuer, the “**Administrator**”), pursuant to which the Issuer will make available to VMIH revolving and term credit facilities, consisting of the Interest Facility, the Excess Cash Facility and the Issue Date Facility, as described below.

#### ***Interest Facility***

The New VM Facilities Agreement will provide for a revolving credit facility (the “**Interest Facility**”) under which the Issuer will from time to time fund non-interest-bearing Interest Facility Loans to VMIH.

On the Issue Date, the Issuer will make an initial Interest Facility Loan to VMIH in a principal amount equal to the Initial Interest Reserve Amount.

Following the Issue Date, on any Business Day other than an Interest Payment Date if the Interest Proceeds deposited in the Interest Proceeds Account are greater than zero, the Issuer will apply such Interest Proceeds to fund a new Interest Facility Loan to VMIH.

### *Excess Cash Facility*

The New VM Facilities Agreement will also provide for a revolving credit facility (the “**Excess Cash Facility**”), in an aggregate principal amount up to the Committed Principal Proceeds, under which the Issuer will from time to time fund Excess Cash Loans to VMIH. Interest on Excess Cash Loans will be payable semi-annually in arrear on the earlier of (i) each March 15 and September 15, commencing March 15, 2017 (each, an “**Excess Cash Interest Period Date**”) and (ii) upon repayment of a Weekly Excess Cash Repayment Amount (as defined below). Interest will accrue from the funding date of any Excess Cash Loan at a rate of % per annum, and will be computed on the basis of a 360-day year comprised of twelve 30-day months. Payment of interest in respect of any interest period ending on any Excess Cash Interest Period Date will occur no less than one Business Day prior to such Excess Cash Interest Period Date.

On or shortly following the Issue Date, as applicable, the Issuer will use Committed Principal Proceeds, firstly, to purchase available VM Accounts Receivable pursuant to the Framework Assignment Agreement and, secondly, to fund an initial Excess Cash Loan.

Following the Issue Date, as the Platform Provider (on a weekly basis) serves or is deemed to serve an Assignment Notice to the Issuer instructing the Issuer to pay a Requested Purchase Price Amount (as may be adjusted or off set pursuant to the terms of the Framework Assignment Agreement) as consideration for the sale and assignment of the relevant VM Accounts Receivable on the relevant Value Date, the Issuer will, upon not less than five Business Days’ prior notice, demand repayment by VMIH of such portion of principal of any outstanding Excess Cash Loans as is equal to (i) such Requested Purchase Price Amount to be paid for VM Accounts Receivable that the Issuer expects to purchase on such Value Date, *less* (ii) any Interim Platform Amounts credited on such Value Date (such amount demanded, a “**Weekly Excess Cash Repayment Amount**”). VMIH will be obligated to pay into the Issuer Collection Account (for immediate onwards crediting to the Principal Proceeds Account) the Weekly Excess Cash Repayment Amount on the fifth Business Day following receipt of such notice. The interest accrued on such Weekly Excess Cash Repayment Amount will not be repaid but will, on that date, be deemed loaned to VMIH under a new Interest Facility Loan. On the relevant Value Date, the Issuer will apply the Weekly Excess Cash Repayment Amount so received, together with any Interim Platform Amounts credited on the same day, towards its purchase of VM Accounts Receivable.

On any Business Day (other than the date on which the Notes are redeemed or repaid, in whole or in part (or on which corresponding payment by VMIH is required to be made to the Issuer in relation to any such redemption or repayment)), if the balance of funds deposited into the Principal Proceeds Account is greater than zero, the Issuer will apply such funds, firstly, towards the purchase of available VM Accounts Receivable in accordance with the Framework Assignment Agreement (if such Business Day is also a Value Date) and, secondly, to fund an Excess Cash Loan to VMIH.

### *Issue Date Facility*

The New VM Facilities Agreement will further provide for a term loan facility (the “**Issue Date Facility**” and, together with the Interest Facility and the Excess Cash Facility, the “**New VM Facilities**”), under which the Issuer will fund an interest-bearing loan to VMIH in an aggregate principal amount equal to £2.0 million (the “**Issue Date Facility Loan**”) on the Issue Date. Interest on the Issue Date Facility Loan will be payable semi-annually in arrear on each March 15 and September 15 (each, an “**Issue Date Facility Interest Period Date**”), commencing March 15, 2017. Interest will accrue from the Issue Date at a rate of % per annum, and will be computed on the basis of a 360-day year comprising twelve 30-day months. Payment of interest in respect of any interest period ending on any Issue Date Facility Interest Period Date will occur no less than one Business Day prior to such Issue Date Facility Interest Period Date.

On or prior to the Issue Date, VMIH, the Issuer and TMF Management (Ireland) Limited (in its capacity as the sole shareholder of the Issuer, the “**Share Trustee**”) will enter into an agreement pursuant to which VMIH will agree to pay the Share Trustee £2,000,100 in return for the Share Trustee procuring that the Issuer enters into the New VM Facilities Agreement and the Shortfall Payment and Excess Arrangement Payment arrangements in connection therewith. Such payment will be conditional on the Share Trustee subscribing £2.0 million for two million of the Issuer’s Class B, non-voting and non-dividend bearing shares (the “**Issue Date Shares**”), which the Issuer will allot and issue to the Share Trustee. The Issuer will lend £2.0 million of the subscription proceeds from the Issue Date Shares to VMIH as the Issue Date Facility Loan under the Issue Date Facility. In practice, the process will be almost cashless, as nearly all of the payment by VMIH to the Share Trustee will ultimately be lent back to VMIH as the Issue Date Facility Loan.



Principal and accrued interest (if applicable) on the New VM Facilities will become due and payable in full on the earlier of (i) the Maturity Date of the Notes or (ii) the date of early redemption of the Notes in accordance with the Conditions.

The New VM Facilities Agreement will also provide for certain payments to the Issuer by VMIH and certain payments to VMIH by the Issuer. On the Issue Date, pursuant to the New VM Facilities Agreement, VMIH will pay to the Issuer an upfront payment in an amount equal to any underwriting fees, commissions and/or certain expenses incurred or paid by the Issuer in relation to the issuance of the Notes (if any). In addition, the New VM Facilities Agreement will provide for the periodic payment of Shortfall Payments or Excess Arrangement Payments, as described below under “*Payment of Interest on the Notes.*”

#### ***Payment of Interest on the Notes***

Interest on the Notes will be payable semi-annually in arrear on each March 15 and September 15 (each, an “**Interest Payment Date**”), commencing March 15, 2017. Interest will accrue from the Issue Date at a rate of % per annum, and will be computed on the basis of a 360-day year comprising of twelve 30-day months. Pursuant to the terms of the New VM Facilities Agreement and the Expenses Agreement, and in consideration of the Issuer providing the New VM Facilities to VMIH, VMIH will make certain payments to the Issuer to the extent necessary to enable the Issuer to make interest payments when due under the Notes. The Issuer will fund the payment of scheduled interest on the Notes on each Interest Payment Date from the Interest Proceeds Account as follows:

1. firstly, to the extent that any Collected Premium Amounts and/or any Retained Amount Interest are deposited into the Interest Proceeds Account on such date, the Issuer will utilize such Collected Premium Amounts and/or Retained Amount Interest, as applicable, towards the payment of scheduled interest on the Notes;
2. secondly, the Issuer will demand, upon no less than five Business Days’ prior notice, that VMIH prepay Interest Facility Loans under the Interest Facility (and VMIH will repay such Interest Facility Loans on or prior to the fifth Business Day following receipt of such demand), in a principal amount equal to the interest due and payable on the Notes on such Interest Payment Date *less* the sum of:
  - a. the amount of any Collected Premium Amounts and any Retained Amount Interest in the Interest Proceeds Account referred to in paragraph (1) above; and
  - b. any Term Shortfall Payment (as defined below) due in respect of such Interest Payment Date.

The Issuer will deposit the proceeds of any Interest Facility Loans so prepaid into the Interest Proceeds Account;

3. thirdly, on or prior to the Business Day immediately preceding each Interest Payment Date (other than the Maturity Date of the Notes or at early redemption of the Notes in accordance with the Conditions), VMIH will make a payment to the Issuer (each, as calculated in accordance with the Agency and Account Bank Agreement, a “**Term Shortfall Payment**”) in an amount equal to the positive difference, if any, between (i) the amount of interest due on the Notes on such Interest Payment Date, *less* the sum of (ii) the amount of any VM Facilities Interest accrued pursuant to Excess Cash Loans and the Issue Date Facility Loan, the Premium accrued in respect of Assigned Receivables, and the Retained Amount Interest accrued and due to be paid in respect of any “**Retained Amounts**” (being, collectively, Retained Collected Amounts, Delayed Aggregate Amounts and/or Excess Requested Purchase Price Amounts) (as determined in accordance with the Agency and Account Bank Agreement described elsewhere in this Offering Circular), during the interest period relating to such Interest Payment Date. We expect that a Term Shortfall Payment will be due, from time to time, if the Premium actually accrued on Assigned Receivables, together with the Retained Amount Interest actually accrued on Retained Amounts, as applicable, during the relevant interest payment period is lower than the premium or interest that would have accrued on such Assigned Receivables and/or Retained Amounts, as applicable, had they collectively borne the same aggregate rate of interest as the Excess Cash Loans under the Excess Cash Facility and the Issue Date Facility Loan under the Issue Date Facility.
4. By contrast to the Term Shortfall Payment, to the extent that any calculation in paragraph (3) above results in a negative value, the Issuer will make a payment to VMIH (each, as calculated in accordance with the Agency and Account Bank Agreement, a “**Term Excess Arrangement Payment**”) in an amount which would return such negative value to zero. Any Term Excess Arrangement Payment will be paid as a rebate of previously paid interest (on a cashless basis, by offsetting such Term Excess



Arrangement Payment against the amounts due by VMIH under the Interest Facility Loans); *provided, however*, that any Term Excess Arrangement Payment will be capped at an amount such that the aggregate principal amount outstanding under the Interest Facility Loans, when taken together with (i) the remaining Premium due to be paid on existing Assigned Receivables in the period commencing on the day after the then-current Interest Payment Date to the subsequent Interest Payment Date, *plus* (ii) the remaining Retained Amount Interest due to be paid on any outstanding Retained Amounts (if any, and as determined in accordance with the Agency and Account Bank Agreement described elsewhere in this Offering Circular), would (in no circumstance) be less than the interest due and payable on the Notes on such subsequent Interest Payment Date. In the event that the calculation of the Term Excess Arrangement Payment on an Interest Payment Date results in an amount (as calculated in accordance with the Agency and Account Bank Agreement, a “**Deferred Excess Amount**”) greater than such a cap, such Deferred Excess Amount will be deferred and either added to (or included as) the Term Excess Arrangement Payment, or offset against the Term Shortfall Payment, due on the subsequent Interest Payment Date, as applicable, in any case subject to the proviso above;

5. fourthly, on or prior to the Business Day immediately preceding the final Interest Payment Date (being the Maturity Date of the Notes or at early redemption of the Notes in accordance with the Conditions), VMIH will make a payment to the Issuer (as calculated in accordance with the Agency and Account Bank Agreement, a “**Maturity Shortfall Payment**” and, together with the Term Shortfall Payments, the “**Shortfall Payments**” and each a “**Shortfall Payment**”) in an amount equal to the positive difference, if any, between (i) the aggregate principal amount of the Notes to be repaid together with the amount of interest due on the Notes on such final Interest Payment Date, *less* (ii) the sum of:
  - a. all Collected Amounts on all Assigned Receivables to be repaid or prepaid to the Issuer on or prior to two Business Days prior to the final Interest Payment Date;
  - b. any other amounts (including any accrued interest) due to be paid by the Platform Provider to the Issuer pursuant to the Framework Assignment Agreement on or prior to two Business Days prior to the final Interest Payment Date;
  - c. the principal amount of and interest due on all of the loans under the New VM Facilities to be paid to the Issuer on maturity of the New VM Facilities; and
  - d. all other amounts in the Issuer Transaction Accounts (to the extent not included in any of the above).
6. By contrast to the Maturity Shortfall Payment, to the extent that any calculation in this paragraph (5) results in a negative value, the Issuer will pay or transfer to VMIH (as calculated in accordance with the Agency and Account Bank Agreement, a “**Maturity Excess Payment**” and, together with the Term Excess Arrangement Payments, the “**Excess Arrangement Payments**” and each an “**Excess Arrangement Payment**”) (as a rebate of previously paid interest) in an amount which would return such negative value to zero; *provided, however*, that such payment will only be made after all amounts due and payable to Noteholders under the Notes have been settled.

### ***Approved Exchange Offer***

In order to extend the availability of the committed financing for the purchase of VM Accounts Receivable represented by the Committed Principal Proceeds beyond the Maturity Date of the Notes, VMIH may, at any time, enter into an exchange offer and payables financing plan agreement (a “**Plan Agreement**”) with a new entity (a “**New Issuer**”). Pursuant to any such Plan Agreement, the New Issuer will procure from VMIH a commitment to cancel amounts of the New VM Facilities as set forth below, and will enter into agreements with VMIH, the Platform Provider, the Notes Trustee and other relevant counterparties providing for the New Issuer’s purchase of VM Accounts Receivable on terms and conditions substantially similar to the Transaction Documents.

Promptly after entering into the Plan Agreement, the New Issuer will launch an exchange offer (the “**Approved Exchange Offer**”) designed to allow holders of Notes to exchange up to a specified principal amount of Notes for a principal amount of new Notes (the “**New Notes**”) to be set out in the Approved Exchange Offer. Upon consummation of the Approved Exchange Offer, subject to the terms of the Trust Deed:

- (i) The New Issuer will issue a specified amount of New Notes to the holders of Notes validly tendered into the Approved Exchange Offer and not withdrawn. If, upon the expiration of the Approved Exchange Offer, holders of Notes have validly tendered more Notes than the New Issuer is able to

accept pursuant to the Approved Exchange Offer, the New Issuer will accept for exchange Notes validly tendered and not withdrawn on a pro rata basis, based on the proportion that the aggregate principal amount of Notes to be accepted bears to the aggregate principal amount of Notes validly tendered and not withdrawn;

- (ii) The Issuer will purchase from the New Issuer any Notes accepted by the New Issuer pursuant to the Approved Exchange Offer and will cancel such purchased Notes. As consideration for such purchase, the Issuer will simultaneously pay, assign and transfer to the New Issuer:
  - (A) Assigned Receivables such that (a) minus (b) is equal to or less than (c) plus (d); where (a) is the Committed Principal Proceeds multiplied by the Relevant Percentage, where **“Relevant Percentage”** means the proportion that the aggregate principal amount of Notes accepted into the Approved Exchange Offer bears to the aggregate principal amount of Notes outstanding as of the date of consummation of the Approved Exchange Offer (the **“Determination Date”**), (b) is the aggregate historical Purchase Price Amount of such Assigned Receivables assigned to the New Issuer pursuant to this clause (A), (c) is the balance of Excess Cash Loans outstanding on the Determination Date, and (d) any Interim Platform Amounts to be credited to the Issuer on the Determination Date. The Assigned Receivables to be assigned to the New Issuer pursuant to this clause (A) will be selected by an independent financial, banking, accounting or other similar advisor designated by VMIH, the Issuer or the Administrator with a mandate to maximise the aggregate Purchase Price Amount of the transferred Assigned Receivables whilst ensuring that they have the shortest maturities possible. Assigned Receivables will only be assigned and transferred to the New Issuer pursuant to this clause (A) in whole, and not in part;
  - (B) The cash proceeds from the repayment of Interest Facility Loans (to be demanded by the Issuer or the Administrator) in an amount equal to (a) minus (b) minus (c); where (a) is the Initial Interest Reserve Amount (as reduced by any previous Approved Exchange Offers pursuant to this clause or other redemptions of the Notes) multiplied by the Relevant Percentage, (b) is the accrued and unpaid Premium that remained outstanding on the Assigned Receivables assigned pursuant to clause (A) above as of the immediately preceding Interest Payment Date, and (c) is any accrued and unpaid Retained Amount Interest that remained outstanding as of the Determination Date in respect of the Retained Amounts to be transferred to the New Issuer pursuant to clause (D) below, as applicable;
  - (C) The cash proceeds from the repayment of Excess Cash Loans (to be demanded by the Issuer or the Administrator) in an amount equal to (a) minus (b) minus (c), where (a) is the Committed Principal Proceeds multiplied by the Relevant Percentage, (b) is the aggregate Purchase Price Amounts of Assigned Receivables assigned to the New Issuer pursuant to clause (A) above, and (c) is any Interim Platform Amounts to be credited to the Issuer on the Determination Date;
  - (D) The cash proceeds from the payment by the Platform Provider to the Issuer on the Determination Date of any Retained Amounts and any other Interim Platform Amounts; and
  - (E) An **“Accrued Facility Interest and Shortfall Amount”** equal to (a) minus (b) minus (c) minus (d) minus (e), where (a) is the aggregate principal amount of Notes tendered into the Approved Exchange Offer, (b) is the aggregate Purchase Price Amounts of the Assigned Receivables assigned pursuant to clause (A) above plus accrued and unpaid Premium thereon through the Determination Date, (c) is the amount of cash proceeds set out in clause (B) above, (d) is the amount of cash proceeds set out in clause (C) above and (e) is the amount of cash proceeds set out in clause (D) above. The Issuer will demand repayment of Excess Cash Loans in an amount equal to any Accrued Facility Interest and Shortfall Amount in order to make such payment.

### ***SCF Platform Documents***

VM Accounts Receivable purchased by the Issuer pursuant to the Framework Assignment Agreement are uploaded by the Obligor to the SCF Platform (as defined elsewhere in this Offering Circular) managed by the Platform Provider to facilitate receivables financing provided by the Platform Provider and other participating funding providers, including the Issuer. The SCF Platform is made available to VMIH and certain of its subsidiaries, and is administered under the terms of the Accounts Payable Management Services Agreement and the Discounted Payments Purchase Agreements described below.

### *Accounts Payable Management Services Agreement*

On or before the Issue Date, the Platform Provider and the Obligors will enter into the Accounts Payable Management Services Agreement (as defined elsewhere in this Offering Circular). Under the terms of the APMSA, the Obligors (which, in the context of this section entitled “*SCF Platform Documents*” shall include reference to the Obligors’ Parent, the eligible Subsidiary Obligors and Virgin Media Ireland Ltd.) are “Buyer Entities” who may upload Electronic Data Files containing details of Receivables on to the SCF Platform to enable the purchase by the Platform Provider of such Receivables (and the Parent Payment Obligations arising in respect thereof) from the relevant Supplier. Additional Subsidiary Obligors may accede to the APMSA by entering into an accession letter (substantially in form set out in the APMSA) with the Platform Provider and the Obligors’ Parent, and an existing Subsidiary Obligor may cease to be a “Buyer Entity” for the purposes of the APMSA if the Platform Provider or Obligors’ Parent provides written notice to such effect. Pursuant to the Agency and Account Bank Agreement, the Obligors’ Parent will undertake to the Issuer that the Obligors’ Parent may notify the Platform Provider of a resignation of a Subsidiary Obligor only if all Outstanding Amounts owed by such Subsidiary Obligor (as principal obligor) in respect of its Assigned Receivables have been settled in accordance with the APMSA on or prior to the date of its resignation, and the Obligors’ Parent will agree to promptly provide written notification of the same to the Issuer (or the Administrator on its behalf).

From time to time, an Obligor may execute an Upload and designate such uploaded Receivables as “approved”. Each Approved Platform Receivable will initially give rise to Parent Payment Obligation, being an independent and primary obligation by VMIH (on the basis described in the sections entitled “*Description of the Receivables*” and “*Summary of Principal Documents—Accounts Payable Management Services Agreement*” included elsewhere in this Offering Circular) to make payment or cause payment of the Certified Amount (as defined below) to be made to the relevant recipient on the Confirmed Payment Date in respect thereof. Upon each Initial Transfer (being the sale and assignment of a Parent Payment Obligation and the applicable Receivable related thereto from the Supplier to the Platform Provider through the SCF Platform), the relevant Parent Payment Obligation will become a Payment Obligation, pursuant to which each Obligor will become jointly and severally liable with each other Obligor to make payment or cause payment to be made to the relevant recipient on the Confirmed Payment Date in respect thereof. The Obligors’ Parent has notified the Platform Provider in writing that eligible Receivables (as further described in “*Summary of Principal Documents—Accounts Payable Management Services Agreement*” included elsewhere in this Offering Circular) may include those with a Confirmed Payment Date of up to 330 days (or, in the case of Receivables owing to specified Suppliers as notified by the Obligors’ Parent to the Platform Providers, 360 days) from the issuance date of the relevant invoice. In respect of Initial Transfers of Receivables with a Confirmed Payment Date of:

- (i) up to 180 days from the issuance date of the relevant invoice, a margin of 2.50% per annum calculated on the basis of the relevant Outstanding Amounts (which includes the Platform Provider Processing Fee) over the base rate (the “**Margin**”) applies to such Receivables; and
- (ii) up to 330 days (or, in the case of Receivables owing to specified Suppliers as notified by the Obligors’ Parent to the Platform Providers, 360 days) from the issuance date of the relevant invoice, the Margin on such Receivables increases to 2.75% per annum calculated on the basis of the relevant Outstanding Amounts (which includes the Platform Provider Processing Fee) over the base rate, and

in each case, the relevant Margin applies from the date of the relevant Initial Transfer until the Confirmed Payment Date in respect of such Payment Obligation (and the Receivable related thereto, solely to the extent that such Receivable has been acquired by the Platform Provider). The base rate (being, in this case, GBP LIBOR with a floor of zero) is determined by the remaining tenor between the date of the relevant transfer and the Confirmed Payment Date (i.e. between 1 and 30 days, 1 month base rate will apply; between 31 and 60 days, 2 months base rate will apply). The applicable base rate plus the applicable Margin are used to calculate the Applied Discount that the Platform Provider will deduct from the Certified Amount in the case of transfer by the Platform Provider of the VM Account Receivable prior to the Confirmed Payment Date, and accordingly is used in the calculation of the Purchase Price Amount for each VM Account Receivable. The Margin under the APMSA may not be amended without the written consent of the Issuer, and pursuant to the terms of the other Transaction Documents, the Issuer will agree to provide its written consent to any amendment of the Margin (without being required to seek the consent of the Noteholders) so long as the obligations of the New VM Facilities Borrower in favour of the Issuer under Clause 11.2 (“*Facility Fees*”) of the New VM Facilities Agreement remain in full force and effect.

Pursuant to the APMSA, the Obligors' Parent and, as applicable, each Subsidiary Obligor appoints the Platform Provider as paying agent with respect to the settlement of any VM Account Receivable. Settlement requires the Obligors' Parent (or, at its option, a Subsidiary Obligor) to make an electronic transfer of the Certified Amount (as defined below) to the Platform Provider's designated bank account on the Confirmed Payment Date, and the Platform Provider will, in turn, transfer such Certified Amount (or part thereof as received by the Platform Provider) to the relevant recipient (which shall be the Issuer in respect of Assigned Receivables) on the same Confirmed Payment Date. As used herein, "**Certified Amount**" means, with respect to a Payment Obligation, the Outstanding Amount of such Payment Obligation on the "**Certified Amount Fixed Date**", being earliest to occur of (i) the date of the Initial Transfer, and (ii) the date falling three Business Days prior to the Confirmed Payment Date of that Payment Obligation. Failure by any Obligor to pay all or any part of the Certified Amount by the Confirmed Payment Date will cause default interest to accrue on the unpaid sum at a rate of 1-month GBP LIBOR (floored at zero) *plus* 7% per annum, until the Certified Amount has been discharged in full.

If an Obligor wishes to reduce the amount of any Approved Platform Receivable for any reason (including as a result of any lien, right of set-off, defence, claim, counterclaim, or other certain adverse claim), it may post the amount to be deducted from such Approved Platform Receivable (each, a "**Credit Note**") as an entry in an Electronic Data File to the SCF Platform Website and such Credit Note will be allocated to the corresponding Payment Obligation on the following Business Day. No Credit Notes may be allocated to a Payment Obligation following the relevant Certified Amount Fixed Date. Additionally, each Obligor agrees to be responsible for the accuracy of all information submitted by them onto the SCF Platform Website in respect of VM Accounts Receivable and the Obligors' Parent agrees to comply with certain reporting requirements set out in the APMSA.

Under the APMSA, each Obligor represents, warrants and covenants to the Platform Provider at the date of an Upload resulting in any Payment Obligation arising and at the date of any transfer via the SCF Platform of a Payment Obligation and the Receivable related thereto (solely to the extent that such Receivable has been acquired by the Platform Provider) (including each Assignment Date), as applicable, among other things: (i) that the Approved Platform Receivable relating to each Payment Obligation meets certain criteria under the APMSA, including (but not limited to) having a Confirmed Payment Date of no more than 180, 330 or 360 days, as applicable, from the issuance date of the relevant invoice and being denominated in an agreed currency; (ii) that the Approved Platform Receivable is not subject to any mortgage, charge, pledge, lien, other encumbrance or other personal right or right in rem of any third party and has, to the best of the relevant Obligor's knowledge, not been transferred or transferred in advance; (iii) that each Payment Obligation and the Receivable related thereto (solely to the extent that such Receivable has been acquired by the Platform Provider) is free of any adverse claims, including any lien, right of set-off, netting, abatement, reduction, claim, defence or counterclaim; (iv) that each Payment Obligation and Receivable related thereto (solely to the extent that such Receivable has been acquired by the Platform Provider) can be validly transferred in accordance with the terms of the APMSA; and (v) that each Payment Obligation will be settled by an Obligor by the payment of the relevant Certified Amount on the relevant Confirmed Payment Date without withholding, deduction or set-off.

The APMSA also provides that the following occurrences, among others, constitute events of default, whereupon the Platform Provider shall have the right (but not the obligation) to suspend the provision of accounts payable management services and prohibit the creation of any further Payment Obligations (each, an "**APMSA Event of Default**"): (i) breach by any Obligor of any obligation or certain representations, warranties or covenants in the APMSA, if not remedied for a period of ten days (which grace period shall not apply if such breach relates to a financial interest of an amount in excess of £5.0 million); (ii) non-payment of any amount due under the APMSA, including all or any part of any Certified Amount (subject to a grace period of one Business Day in the case of principal, and three Business Days in the case of any other amount); (iii) if any Obligor is unable, deemed unable, or admits inability to pay its debts as they fall due; and (iv) any corporate action, legal proceedings or other procedure is taken in relation to the suspension of payments, winding-up, or dissolution of any Obligor, or any composition, compromise, assignment or arrangement with any creditor of any Obligor, or the appointment of a liquidator, receiver, or other similar officer in respect of any Obligor.

The Obligors' Parent has also agreed to provide certain indemnities to the Platform Provider under the APMSA, including (but not limited to) indemnities against any losses directly suffered for or on account of tax, reasonable losses incurred as a direct result of any APMSA Event of Default or failure by any Obligor to pay any amount due under the APMSA, and any costs, expenses, claims or losses incurred as a result of the incorrect calculation by any Obligor of the amount of any Receivable uploaded in an Electronic Data File.



Subject to the consent of the Obligors' Parent (which will not be unreasonably withheld), the Platform Provider may assign, transfer or deal in any other manner with any VM Account Receivable that has been transferred to it, and/or all of its rights against any Obligor or under the APMSA, in part or in whole, to any third party; *provided, however*, that the Platform Provider may transfer any of its rights in VM Accounts Receivable to any of its affiliates without the consent of the Obligors' Parent if the Platform Provider promptly (and in any event, within 3 Business Days of such transfer) provides written notice to the Obligors' Parent of such transfer. No Obligor may so assign or transfer its respective rights and obligations under the APMSA without the written consent of the Platform Provider, and such consent shall not be unreasonably withheld or delayed.

Each of the Platform Provider and the Obligors' Parent may unilaterally terminate the APMSA upon notice to the other party, if such other party breaches a material provision of the APMSA and fails to cure such breach within 10 days following written notice from the other party requiring them to remedy such breach. The Platform Provider may also terminate the APMSA: (i) for any reason upon 12 months' prior written notice to the Obligors' Parent; and (ii) immediately, upon written notice, if it becomes unlawful for the Platform Provider in any applicable jurisdiction to perform any of its obligations thereunder. The Obligors' Parent may terminate the APMSA for any reason upon 20 Business Days' prior written notice to the Platform Provider. Following termination of the APMSA, the Obligors will no longer be permitted to use the SCF Platform. All rights, duties and obligations of the parties to the APMSA with respect to the Payment Obligations posted to the SCF Platform prior to the effective date of any termination shall survive the termination of the APMSA.

#### *Discounted Payments Purchase Agreements*

In conjunction with the SCF Platform, each Supplier has entered into, or will enter into, a Discounted Payments Purchase Agreement (each based on a standard form and as defined elsewhere in this Offering Circular) with the Platform Provider. Upon an Upload by an Obligor and the designation of such uploaded Receivable as "approved", (i) the price of such Receivable is increased (in accordance with the relevant supply contract) by adding to the initial face value of such Receivable the Applied Discount (as defined in the context of the APMSA) (as displayed on the SCF Platform on the relevant day) calculated for the period between the date of the Upload and the Confirmed Payment Date; and (ii) the Supplier to which such Approved Platform Receivable relates will automatically and irrevocably offer to sell to the Platform Provider the relevant Parent Payment Obligation and the Receivable related thereto at a discounted price (as determined by deducting from the grossed-up amount of the relevant invoice (calculated in accordance with the relevant supply contract as described above), such Applied Discount (as defined in the context of the APMSA) (as displayed on the SCF Platform on the relevant day), such that the Platform Provider pays an amount equal to the original face value of such invoice owed to the Supplier). Each such offer accepted by the Platform Provider pursuant to a Discounted Payments Purchase Agreement will result in the sale, assignment and transfer to the Platform Provider of all of such Supplier's rights, title and interest in and to the relevant Parent Payment Obligation and the Receivable related thereto.

The Supplier is deemed to represent and warrant to the Platform Provider upon the date of each offer (and the date of the relevant Initial Transfer) that, with respect to each Parent Payment Obligation (and any Receivable related thereto, where applicable), among other things: (i) the Supplier (solely) holds the full legal and beneficial right, title and interest in and to the relevant Parent Payment Obligation and the Receivable related thereto; (ii) the Supplier is entitled to sell and transfer the relevant Parent Payment Obligation and the Receivable related thereto to the Platform Provider pursuant to the terms of the relevant Discounted Payments Purchase Agreement, and the relevant Parent Payment Obligation and the Receivable related thereto is transferred to the Platform Provider following acceptance of the offer; (iii) no mortgage, charge, pledge, lien, other encumbrance or other personal right or right in rem exists in relation to the relevant Parent Payment Obligation or Receivable related thereto, and the relevant Parent Payment Obligation has not been transferred nor made subject to any mortgage, charge, pledge, lien, or other encumbrance in advance; and (iv) the Parent Payment Obligation and the Receivable related thereto is free of any adverse claims, including any lien, right of set-off, netting, abatement, reduction, claim, defence or counterclaim. Following each Initial Transfer, the Platform Provider, in its capacity as agent for the relevant Supplier, shall provide notice of such transfer to the Obligors' Parent and the relevant Subsidiary Obligor.

Additionally, pursuant to the relevant Discounted Payments Purchase Agreement, any tax applicable to the transfer from the Supplier to the Platform Provider of a Parent Payment Obligation and any Receivable related thereto shall be solely payable by that Supplier. The Supplier also represents and warrants that upon payment by



the Platform Provider of the outstanding amount owing under any Parent Payment Obligation to the relevant bank account established in such Supplier's own name on the Confirmed Payment Date, the applicable Parent Payment Obligation shall be satisfied and the relevant Obligor's obligation to pay the Supplier for the corresponding Receivable shall be extinguished in an amount equal to such amount paid.

Subject to the agreement of the relevant Suppliers to the standard form, each Discounted Payments Purchase Agreement gives the Platform Provider the right, without the consent of or notice to the Supplier, to assign, transfer, mortgage, charge or otherwise deal in any other manner with any or all of its rights and obligations under the relevant Discounted Payments Purchase Agreement, in whole or in part (including, for the avoidance of doubt, any of the Parent Payment Obligations and Receivables related thereto purchased by the Platform Provider thereunder). In turn, pursuant to the Framework Assignment Agreement (as described above), the Platform Provider's right, title and interest in and to the whole of each VM Account Receivable are assigned to the Issuer. For a further description of the Discounted Payments Purchase Agreements, see "*Summary of Principal Documents—Discounted Payments Purchase Agreements*".

### **SCF Platform Addition**

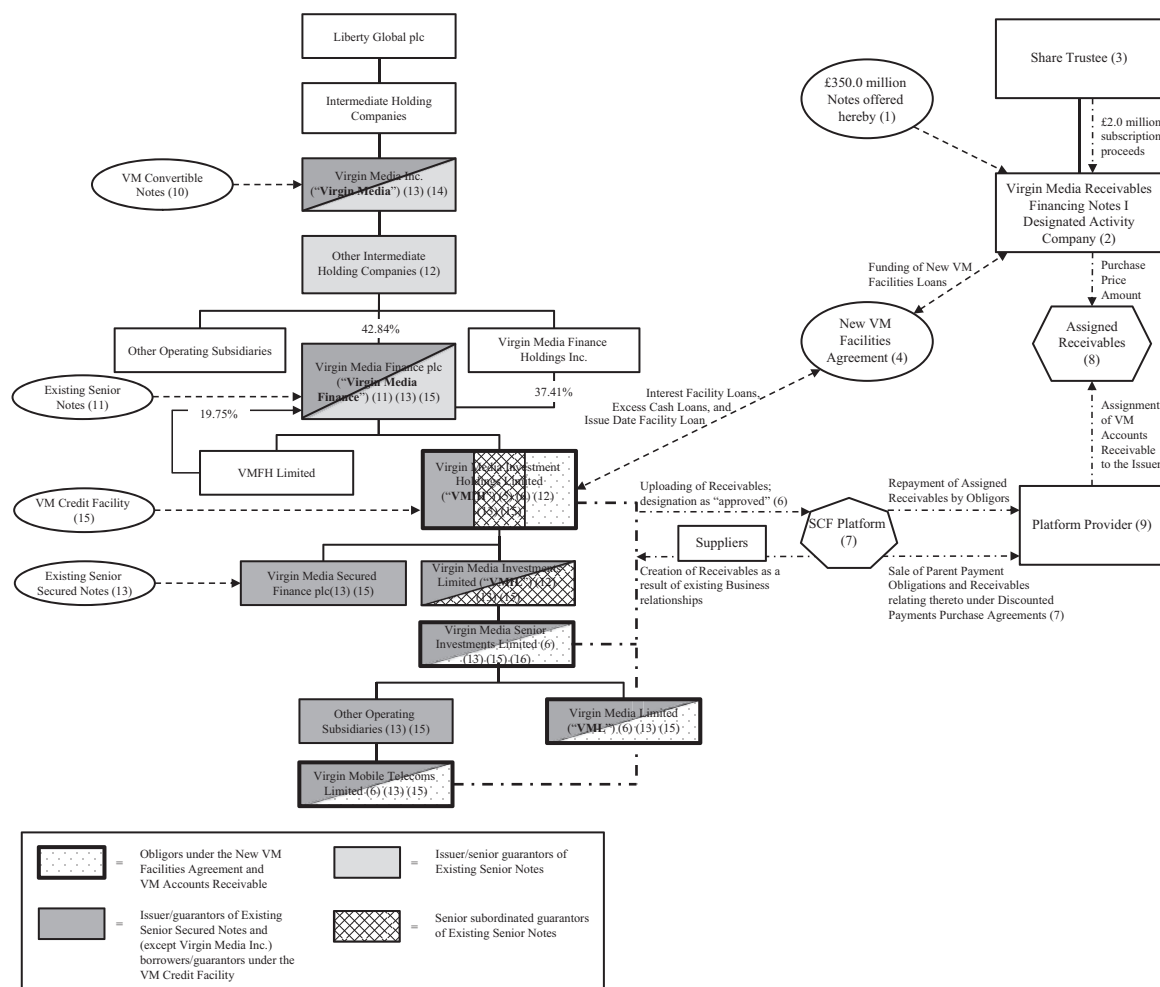
At any time after the Issue Date, VMIH and the Subsidiary Obligors may, at their option, elect to participate in an additional online system established and administered by another Platform Provider. In connection with any SCF Platform Addition, VMIH and the Subsidiary Obligors may enter into additional accounts payable management services agreements (or equivalent) and the Issuer may (and upon request by VMIH, shall) enter into one or more additional receivables assignment agreements (or equivalent), pursuant to which the Issuer will purchase eligible VM Accounts Receivable from such additional Platform Provider. The consent of the Noteholders will not be required for VMIH, the Subsidiary Obligors and the Issuer to give effect to any SCF Platform Addition (including the modification of any Transaction Documents to implement such SCF Platform Addition), and the Administrator will enter into any SCF Platform Addition Documentation (as defined elsewhere in this Offering Circular) if the Administrator receives written confirmation from VMIH (with a copy to the Notes Trustee) that, in VMIH's determination, the entry into such SCF Platform Addition Documentation is reasonably required to implement such SCF Platform Addition and does not materially and adversely affect the interests of the Noteholders.

### **Recent Developments of Virgin Media**

Virgin Media continually evaluates different financing alternatives and may decide to enter into new credit facilities, access the debt capital markets or incur other indebtedness from time to time, including following the pricing of this offering and prior to, or within a short time period following, the Issue Date of the Notes (the "**Potential Financing Transactions**"). The proceeds of any Potential Financing Transactions may be used to refinance indebtedness or for general corporate purposes. Any such Potential Financing Transactions would be incurred in compliance with the applicable covenants under the New VM Facilities Agreement, the VM Credit Facility and the indentures governing the VM Notes. After giving effect to any such incurrence in compliance with the applicable covenants, including in connection with permitted refinancing debt, permitted acquisition debt or other exceptions to the restriction on our ability to incur indebtedness, the ratio of as adjusted total covenant senior net debt to annualized EBITDA and the ratio of as adjusted total covenant net debt to annualized EBITDA could increase above the ratio of as adjusted total covenant senior net debt to annualized EBITDA and the ratio of as adjusted total covenant net debt to annualized EBITDA, respectively, as of June 30, 2016 (each as shown under the heading "*Summary Financial and Operating Data of Virgin Media—Certain As Adjusted Covenant Information*"), and such increase could be material. Any Potential Financing Transaction will be made at Virgin Media's election or the election of its relevant subsidiaries, and if such debt is in the form of securities, would be offered and sold pursuant to, and on the terms described in, a separate offering memorandum. See "*Risk Factors—Risks Relating to Virgin Media's Indebtedness, Taxes and Other Financial Matters—We may incur additional indebtedness prior to, or within a short time period following, the Issue Date of the Notes, which indebtedness could increase our leverage and may have terms that are more or less favorable than the terms of the Notes and our other existing indebtedness*".

## SUMMARY CORPORATE AND FINANCING STRUCTURE

The following is a simplified summary of the corporate and financing structure of Virgin Media after giving effect to the Transactions.



- (1) The Notes will be limited recourse and senior obligations of the Issuer. The Notes will be secured by the Notes Collateral. Other than under the limited circumstances described in the Offering Circular, Noteholders will not have a direct claim on the cash flow or assets of Virgin Media and its subsidiaries, and Virgin Media and its subsidiaries will have no obligation, contingent or otherwise, to pay amounts due under the Notes, or to make funds available to the Issuer for those payments, other than the obligations of (i) the Obligors to make payments to the Issuer in respect of the Assigned Receivables, (ii) the Obligors to make payments to the Issuer in respect of the New VM Facilities Agreement, or (iii) VMIH to make payments to the Issuer under the Expenses Agreement, and in each case of (i) to (iii) above, any agreements related thereto to which they are party. On or shortly following the Issue Date, the proceeds of the issuance of the Notes, minus the Initial Interest Reserve Amount plus any upfront payments payable by VMIH under the New VM Facilities Agreement, will be used by the Issuer to finance the purchase of VM Accounts Receivable pursuant to the Framework Assignment Agreement. To the extent that there are not sufficient VM Accounts Receivable available for purchase on the first Value Date, the Issuer will advance any excess proceeds from the issuance of the Notes to the New VM Facilities Borrower as Excess Cash Loans under the Excess Cash Facility pursuant to the New VM Facilities Agreement. On the Issue Date, the Issuer will also fund an Interest Facility Loan under the Interest Facility to VMIH, in a principal amount equal to the Initial Interest Reserve Amount, and a loan in an aggregate principal amount equal to £2.0 million under the Issue Date Facility to VMIH, each pursuant to the New VM Facilities Agreement.
- (2) Legal title to the shares in Virgin Media Receivables Financing Notes I Designated Activity Company is held by the Share Trustee (with the beneficial interest being held on charitable trust formed under the laws of Ireland pursuant to the Declaration of Trust (as defined in "Description of the Issuer" below)).

- (3) VMIH, the Issuer and the Share Trustee will enter into the Issue Date Arrangements Agreement pursuant to which VMIH will agree to pay the Share Trustee £2,000,100 in return for the Share Trustee procuring that the Issuer enters into the New VM Facilities Agreement and the Shortfall Payment and Excess Arrangement Payment arrangements in connection therewith. Such payment will be conditional on the Share Trustee subscribing £2.0 million for two million of the Issuer's Class B, non-voting and non-dividend bearing shares (the "**Issue Date Shares**"), which the Issuer will allot and issue to the Share Trustee on the Issue Date. The Issuer will lend £2,000,000 of the subscription proceeds from the Issue Date Shares to VMIH under the Issue Date Facility.
- (4) The New VM Facilities made available pursuant to the New VM Facilities Agreement include the Excess Cash Facility, the Interest Facility and the Issue Date Facility. The New VM Facilities Agreement also provides certain Shortfall Payments to the Issuer by VMIH, and certain Excess Arrangement Payments to VMIH by the Issuer. Additionally, on the Issue Date, pursuant to the Expenses Agreement and the New VM Facilities Agreement, VMIH will pay to the Issuer an upfront payment in an amount equal to any underwriting fees, commissions and/or certain expenses incurred by the Issuer in relation to the issuance of the Notes. See "*Summary of Principal Documents—New VM Facilities Agreement*".
- (5) VMIH is the borrower under the New VM Facilities Agreement. On or prior to the Issue Date, it will also enter into (i) the APMSA (pursuant to which VMIH will provide a joint and several payment undertaking (as further described in "*Summary of Principal Documents—Accounts Payable Management Services Agreement*")), and (ii) the Framework Assignment Agreement to provide certain representations and warranties on behalf of the Obligors to the Issuer (as further described in "*Summary of Principal Documents—Framework Assignment Agreement*").
- (6) The Obligors are guarantors under the New VM Facilities Agreement. Under the terms of the APMSA, VMIH and the Subsidiary Obligors may upload Electronic Data Files containing details of Receivables payable to a Supplier on to the SCF Platform to enable the purchase by the Platform Provider of such Receivables (and the Parent Payment Obligations arising in respect thereof) from the relevant Supplier. On the Issue Date, the Obligors will include VMIH, VML, Virgin Mobile Telecoms Limited and Virgin Media Senior Investments Limited. The Obligors (on a consolidated basis) represent more than 70% of the consolidated total assets as of June 30, 2016 and more than 95% of the consolidated revenue of the Virgin Media Group for the six months ended June 30, 2016. Additional Subsidiary Obligors may accede to the APMSA by entering into an accession letter (substantially in form set out in the APMSA) with the Platform Provider and the Obligors' Parent, and an existing Subsidiary Obligor may cease to be a "Buyer Entity" for the purposes of the APMSA if the Platform Provider or Obligors' Parent provides written notice to such effect and subject to the terms of the Agency and Account Bank Agreement. See "*Summary of Principal Documents—Accounts Payable Management Services Agreement*".
- (7) The SCF Platform is the online system pursuant to which the Obligors may upload Receivables. The SCF Platform is managed by the Platform Provider and is administered under the terms of the APMSA and the Discounted Payments Purchase Agreements to facilitate receivables financing provided by the Platform Provider and other participating funding providers, including the Issuer. Pursuant to the APMSA, the uploading of an Electronic Data File containing details of a Receivable payable to a Supplier on to the SCF Platform, and the designation of such uploaded Receivable as "approved" by an Obligor, will initially give rise to a Parent Payment Obligation, an independent and primary obligation by VMIH to make payment or cause payment to be made to the relevant recipient on the Confirmed Payment Date in respect of such Receivable. Upon each sale and assignment of a Parent Payment Obligation and the related Receivable from the Supplier to the Platform Provider through the SCF Platform, each Obligor will become jointly and severally liable with each other Obligor to make payment or cause payment to be made to the relevant recipient on the Confirmed Payment Date in respect of such Parent Payment Obligation (such Parent Payment Obligation, as enhanced by the joint and several undertaking of each Obligor, being a Payment Obligation). Although Virgin Media Ireland Ltd. is historically a "Buyer Entity" (and therefore an Obligor) under the APMSA, it will not be an eligible Obligor under the Framework Assignment Agreement on and following the Issue Date, and therefore, none of the Assigned Receivables will be owed by it. See "*Description of the Receivables—Uploading of Receivables onto the SCF Platform and Purchase by the Platform Provider: the Accounts Payable Management Services Agreement*".
- (8) Under the Framework Assignment Agreement, from time to time commencing on the Issue Date, the Issuer may purchase and have assigned to it on a non-recourse basis, up to the total amount of Committed Principal Proceeds (as defined in "*General Description of Virgin Media's Business, the Issuer and the Offering—Overview of the Structure of the Offering of the Notes*"), and the Platform Provider may sell and assign on a non-recourse basis, eligible VM Accounts Receivable that are made available by Suppliers and uploaded by the Obligors to the SCF Platform. Each VM Account Receivable is a Payment Obligation

which has been acquired by the Platform Provider (and the Receivable in respect of which such Payment Obligation has arisen, solely to the extent that such Receivable has been acquired by the Platform Provider). See “*Description of the Receivables—Assignment of the VM Accounts Receivable by the Platform Provider to the Issuer: the Framework Assignment Agreement*”.

- (9) Prior to the service of an Obligor Enforcement Notification, the Platform Provider will act as collection agent for the Issuer in respect of any Collected Amounts received or recovered relating to Assigned Receivables. Pursuant to the APMSA, the Platform Provider also acts as paying agent for the Obligors with respect to the settlement of any VM Account Receivable.
- (10) Virgin Media is the issuer of 6.50% U.S. dollar convertible senior notes due November 2016, with an aggregate principal amount outstanding of \$54.8 million (£41.3 million equivalent) as of June 30, 2016.
- (11) The Existing Senior Notes issued by Virgin Media Finance plc comprise (i) \$500.0 million (£376.8 million equivalent) aggregate original principal amount of 5.25% senior notes due 2022 with an aggregate principal amount outstanding of \$95.0 million (£71.6 million equivalent) as of June 30, 2016, (ii) \$900.0 million (£678.3 million equivalent) aggregate original principal amount of 4.875% senior notes due 2022 with an aggregate principal amount outstanding of \$118.7 million (£89.4 million equivalent) as of June 30, 2016, (iii) £400.0 million aggregate original principal amount of 5.125% senior notes due 2022 with an aggregate principal amount outstanding of £44.1 million as of June 30, 2016, (iv) \$530.0 million (£399.4 million equivalent) aggregate principal amount of 6.375% senior notes due 2023, (v) £250.0 million aggregate principal amount of 7.00% senior notes due 2023, (vi) \$500.0 million (£376.8 million equivalent) aggregate principal amount of 6% senior notes due 2024, (vii) £300.0 million aggregate principal amount of 6.375% senior notes due 2024, (viii) \$400.0 million (£301.5 million equivalent) aggregate principal amount of 5.75% senior notes due 2025 and (ix) €460.0 million (£383.9 million equivalent) aggregate principal amount of 4.5% senior notes due 2025. See “*Description of Virgin Media—Description of Other Indebtedness of Virgin Media—Existing Senior Notes*”.
- (12) Virgin Media Communications and Virgin Media Group LLC provide a senior guarantee of the Existing Senior Notes. VMIH and VMIL provide a senior subordinated guarantee of the Existing Senior Notes.
- (13) The Existing Senior Secured Notes issued by Virgin Media Secured Finance plc comprise (i) \$500.0 million (£376.8 million equivalent) aggregate original principal amount of 5.25% senior secured notes due 2021 with an aggregate principal amount outstanding of \$447.9 million (£337.6 million equivalent) as of June 30, 2016, (ii) £650.0 million aggregate principal amount of 5.50% senior secured notes due 2021 with an aggregate principal amount outstanding of £628.4 million as of June 30, 2016, (iii) \$1,000.0 million (£753.6 million equivalent) aggregate original principal amount of 5.375% senior secured notes due 2021 with an aggregate principal amount outstanding of \$900.0 million (£678.3 million equivalent) as of June 30, 2016, (iv) £1,100.0 million aggregate original principal amount of 6.00% senior secured notes due 2021 with an aggregate principal amount outstanding of £990.0 million as of June 30, 2016, (v) \$425.0 million (£320.3 million equivalent) aggregate principal amount of 5.50% senior secured notes due 2025, (vi) £430.0 million aggregate original principal amount of 5.50% senior secured notes due 2025 with an aggregate principal amount outstanding of £387.0 million as of June 30, 2016, (vii) £400.0 million aggregate principal amount of 6.25% senior secured notes due 2029, (viii) £300.0 million aggregate principal amount of 5.125% senior secured notes due 2025, (ix) £525.0 million aggregate principal amount of 4.875% senior secured notes due 2027, (x) \$1,000.0 million (£753.6 million equivalent) aggregate principal amount of 5.250% senior secured notes due 2026 and (xi) \$750.0 million (£565.3 million equivalent) aggregate principal amount of 5.50% senior secured notes due 2026. See “*Description of Virgin Media—Description of Other Indebtedness of Virgin Media—Existing Senior Secured Notes*”. The entities which are borrowers/guarantors under the VM Credit Facility, together with Virgin Media, are the issuer/guarantors of the Existing Senior Secured Notes. Virgin Media Secured Finance and the guarantors under the Existing Senior Secured Notes represent more than 70% of the consolidated total assets as of June 30, 2016 and more than 80% of the consolidated revenue of the Virgin Media Group for the six months ended June 30, 2016.
- (14) Virgin Media provides a full and unconditional unsecured guarantee for the VM Notes on a senior basis, which will be 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.
- (15) VMIH is the borrower under the VM Credit Facility. The VM Credit Facility has the benefit of a full and unconditional senior secured guarantee from Virgin Media Finance 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 Virgin Media—Description of Other Indebtedness of Virgin Media—The VM Credit Facility*”.

- (16) As part of an intra-group transfer, VMIL contributed its holdings of shares in its direct subsidiaries (collectively, the “**Contributed Shares**”) to VMSIL, a direct and wholly-owned subsidiary of VMIL. Following such shares contribution on September 15, 2016, VMSIL is the beneficial owner of the Contributed Shares. The transfer of legal title to VMSIL in the Contributed Shares is expected to be reflected in the share register of each transferred subsidiary in the fourth quarter of 2016, upon approval from HMRC of an application for stamp duty group relief in respect of this intra-group transfer.



## SUMMARY FINANCIAL AND OPERATING DATA OF VIRGIN MEDIA

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 June 30, 2016 Condensed Consolidated Financial Statements and December 31, 2015 Consolidated Financial Statements included elsewhere in this Offering Circular. 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 June 30, 2016 Condensed Consolidated Financial Statements and December 31, 2015 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 June 30, 2016 Condensed Consolidated Financial Statements and the December 31, 2015 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 December 31, 2015 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 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 year ended December 31, 2014 to the corresponding prior year period, we have presented financial information for the year ended December 31, 2013 that reflects (i) the pro forma statement of operations that gives effect to the VM Ireland Acquisition as of January 1, 2013 and (ii) the combination of the results for the 2013 Predecessor and Successor periods. The pro forma amounts related to VM Ireland are derived from historical financial statements of VM Ireland for the relevant period. The pro forma financial information is not necessarily indicative of the financial position and results of operations that would have occurred if these transactions had occurred on such dates. 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.

	Six months ended June 30,		For the year ended December 31,		
	2016	2015	2015	2014	2013
	in millions				
pro forma					
Virgin Media Consolidated Statements of Operations					
Data:					
Revenue	£2,375.1	£2,277.5	£4,618.4	£4,496.9	£4,416.2
Operating costs and expenses:					
Operating (other than depreciation and amortization)	1,029.3	964.3	1,975.3	1,956.1	2,039.7
Selling, general and administrative (including share-based compensation)	305.9	301.0	609.3	609.3	650.3
Related-party fees and allocations, net	61.4	34.0	87.6	36.6	27.9
Depreciation and amortization	798.0	774.4	1,557.8	1,608.1	1,400.6
Impairment, restructuring and other operating items, net	12.4	2.8	10.9	12.7	88.4
	2,207.0	2,076.5	4,240.9	4,222.8	4,206.9
Operating income	168.1	201.0	377.5	274.1	209.3
Non-operating income (expense):					
Interest expense:					
Third-party	(274.9)	(250.6)	(510.5)	(457.1)	(420.3)
Related-party	(2.1)	(5.6)	(5.7)	(52.0)	(61.4)
Interest income—related-party	132.8	117.2	246.5	229.7	107.0
Realized and unrealized gains (losses) on derivative instruments, net	376.6	(41.2)	253.1	48.6	(151.6)
Foreign currency transaction gains (losses), net	(536.4)	37.6	(271.8)	(152.0)	140.7
Realized and unrealized gains due to changes in fair values of certain debt, net	11.2	—	—	—	—
Gains (losses) on debt modification and extinguishment, net	—	(29.4)	(29.4)	20.1	0.5
Other income (expense), net	1.1	(0.4)	(0.4)	1.4	0.8
	(291.7)	(172.4)	(318.2)	(361.3)	(384.3)
Earnings (loss) before income taxes	(123.6)	28.6	59.3	(87.2)	(175.0)
Income tax benefit (expense)	32.2	(8.2)	(201.2)	(21.4)	(215.6)
Net earnings (loss)	(91.4)	20.4	(141.9)	(108.6)	(390.6)
Net loss (earnings) attributable to noncontrolling interest					
	2.5	3.3	5.5	(0.6)	(0.1)
Net earnings (loss) attributable to parent	£ (88.9)	£ 23.7	£ (136.4)	£ (109.2)	£ (390.7)

	June 30, 2016	December 31,	
		2015 (a)	2014 (a)
		in millions	
<b>Virgin Media Consolidated Balance Sheet Data:</b>			
Cash and cash equivalents . . . . .	£ 28.4	£ 20.2	£ 36.6
Total assets . . . . .	£20,470.3	£19,398.2	£19,334.2
Total current liabilities (excluding current portion of debt and capital lease obligations) . . . . .	£ 1,629.1	£ 1,582.7	£ 1,517.8
Total debt and capital lease obligations . . . . .	£11,136.5	£10,175.3	£ 9,030.9
Total liabilities . . . . .	£13,145.1	£11,938.8	£10,900.2
Total owners' equity . . . . .	£ 7,325.2	£ 7,459.4	£ 8,434.0

(a) Certain prior period amounts have been reclassified to conform to the current period presentation, including the reclassification of deferred financing costs from other long-term assets to long-term debt and capital lease obligations.

The below consolidated cash flow data presents the historical cash flows of Virgin Media's operations for the six months ended June 30, 2016 and 2015, the year ended December 31, 2015, the year ended December 31, 2014 and the combination of the results for the 2013 Predecessor and Successor periods. As such, the period from January 1 to June 7, 2013 excludes the cash flows of VM Ireland.

	Six months ended June 30,		For the year ended December 31,		
	2016	2015	2015	2014	2013 (b)
in millions					
<b>Virgin Media Consolidated Cash Flow Data:</b>					
Cash provided by operating activities	£ 827.3	£ 846.7	£ 1,626.3	£ 1,682.4	£ 1,231.5
Cash used by investing activities	£(857.1)	£(1,421.2)	£(2,508.2)	£(1,666.5)	£(3,111.8)
Cash provided (used) by financing activities	£ 34.7	£ 555.0	£ 863.1	£ (321.4)	£ 1,913.0

(b) In order to provide a more meaningful basis for comparing the consolidated statements of cash flows for the year ended December 31, 2014 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 U.S. GAAP and has not been prepared with a view towards complying with Article 11 of Regulation S-X.

	As of and for the six months ended June 30, 2016			As of and for the year ended December 31, 2015		
	U.K.	Ireland	Combined	U.K.	Ireland	Combined
<b>Virgin Media Summary Statistical and Operating Data (c):</b>						
<b>Footprint</b>						
Homes passed	13,072,300	837,600	13,909,900	12,908,500	834,300	13,742,800
Two-way homes passed	13,057,000	784,400	13,841,400	12,891,300	772,000	13,663,300
<b>Subscribers (RGUs)</b>						
Basic Video	—	29,800	29,800	—	32,100	32,100
Enhanced Video	3,712,600	293,500	4,006,100	3,727,000	311,200	4,038,200
Total Video	3,712,600	323,300	4,035,900	3,727,000	343,300	4,070,300
Internet	4,808,000	364,200	5,172,200	4,694,900	371,200	5,066,100
Telephony	4,387,800	352,100	4,739,900	4,310,500	358,100	4,668,600
Total RGUs	12,908,400	1,039,600	13,948,000	12,732,400	1,072,600	13,805,000
<b>Customer Bundling</b>						
Single-Play	15.9%	21.5%	16.3%	16.1%	22.2%	16.7%
Double-Play	20.0%	31.8%	21.0%	18.8%	30.0%	19.7%
Triple-Play	64.1%	46.7%	62.7%	65.1%	47.8%	63.6%
Fixed-mobile Convergence	20.6%	2.3%	19.3%	20.8%	1.4%	19.4%
<b>Customer Relationships</b>						
Customer relationships	5,200,900	461,500	5,662,400	5,115,200	475,200	5,590,400
RGUs per customer relationship	2.48	2.25	2.46	2.49	2.26	2.47
<b>ARPU—Cable Subscription Revenue</b>						
Monthly ARPU per customer relationship	£ 50.00	€ 55.23	£ 49.42	£ 49.61	€ 56.66	£ 48.88
<b>Mobile Subscribers</b>						
Postpaid	2,344,400	11,800	2,356,200	2,260,600	7,600	2,268,200
Prepaid	677,000	—	677,000	755,800	—	755,800
Total mobile subscribers	3,021,400	11,800	3,033,200	3,016,400	7,600	3,024,000
<b>ARPU—Mobile Subscription Revenue</b>						
Monthly ARPU per customer relationship:						
Excluding interconnect revenue	£ 11.73	€ 14.31	£ 11.73	£ 12.82	N.M.	£ 12.81
Including interconnect revenue	£ 13.42	€ 21.02	£ 13.43	£ 14.69	N.M.	£ 14.69

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

N.M.—Not Meaningful.

	Six months ended June 30,		For the year ended December 31,		
	2016	2015	2015	2014	2013
					pro forma
	in millions, except percentages				
<b>Virgin Media Summary Operating Data:</b>					
Revenue .....	£2,375.1	£2,277.5	£4,618.4	£4,496.9	£4,416.2
Segment OCF (d) .....	£1,053.6	£1,029.4	£2,069.3	£1,965.3	£1,833.8
Segment OCF margin .....	44.4%	45.2%	44.8%	43.7%	41.5%
Property and equipment additions .....	£ 538.9	£ 474.2	£ 999.0	£ 915.3	£ 893.3
Property and equipment additions as a % of revenue .....	22.7%	20.8%	21.6%	20.4%	20.2%

(d) Segment OCF is the primary measure used by our chief operating decision maker and management to evaluate the operating performance of our businesses. Segment OCF is also a key factor that is used by our internal decision makers to (i) determine how to allocate resources and (ii) evaluate the effectiveness of our management for purposes of annual and other incentive compensation plans. As we use the term, Segment OCF is defined as operating income before depreciation and amortization, share-based compensation, related-party fees and allocations, provisions and provision releases related to significant litigation and impairment, restructuring and other operating items. Other operating items include (a) gains and losses on the disposition of long-lived assets, (b) third-party costs directly associated with successful and unsuccessful acquisitions and dispositions, including legal, advisory and due diligence fees, as applicable, and (c) other acquisition-related items, such as gains and losses on the settlement of contingent consideration. Our internal decision makers believe operating cash flow is a meaningful measure because it represents a transparent view of our recurring operating performance that is unaffected by our capital structure and allows management to (1) readily view operating trends, (2) perform analytical comparisons and benchmarking between entities and (3) identify strategies to improve operating performance in the different countries in which we operate. We believe our operating cash flow 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 public companies. Segment OCF should be viewed as a measure of operating performance that is a supplement to, and not a substitute for, operating income, net earnings or loss, cash flow from operating activities and other U.S. GAAP measures of income or cash flows. A reconciliation of Segment OCF to operating income is as follows:

	Six months ended June 30,		For the year ended December 31,		
	2016	2015	2015	2014	2013
					pro forma
	in millions				
Segment OCF .....	£1,053.6	£1,029.4	£ 2,069.3	£ 1,965.3	£ 1,833.8
Share-based compensation .....	(13.7)	(17.2)	(35.5)	(33.8)	(107.6)
Related-party fees and allocations, net .....	(61.4)	(34.0)	(87.6)	(36.6)	(27.9)
Depreciation and amortization .....	(798.0)	(774.4)	(1,557.8)	(1,608.1)	(1,400.6)
Impairment, restructuring and other operating items, net .....	(12.4)	(2.8)	(10.9)	(12.7)	(88.4)
Operating income .....	<u>£ 168.1</u>	<u>£ 201.0</u>	<u>£ 377.5</u>	<u>£ 274.1</u>	<u>£ 209.3</u>

#### Certain As Adjusted Covenant Information:

	As of and for the six-month period ended June 30, 2016
	in millions, except ratios
Annualized EBITDA (1) .....	£2,071.8
As adjusted total covenant senior net debt (2) .....	£7,811.2
As adjusted total covenant net debt (2) .....	£9,826.2
Ratio of as adjusted total covenant senior net debt to annualized EBITDA (1)(2) .....	3.77x
Ratio of as adjusted total covenant net debt to annualized EBITDA (1)(2) .....	4.74x

- 
- (1) Annualized EBITDA is calculated by multiplying “Consolidated EBITDA” (as defined in the New VM Facilities Agreement contained in “Annex A” beginning on page A-1 of this Offering Circular) for the six months ended June 30, 2016 (£1,035.9 million) by two. The definition of “Consolidated EBITDA” differs from the definition of “Consolidated EBITDA” and “EBITDA” under certain of the indentures governing the VM Notes and the VM Credit Facility.
  - (2) 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 the New VM Facilities Agreement contained in “Annex A” beginning on page A-1 of this Offering Circular) and are adjusted to give effect to the anticipated Interest Facility Loan under the Interest Facility and the Issue Date Facility Loan under the Issue Date Facility on or shortly following the Issue Date. 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 VM 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 Offering Circular. After giving effect to any incurrence in compliance with the applicable covenants, including in connection with permitted refinancing debt, permitted acquisition debt or other exceptions to the restriction on our ability to incur indebtedness, the ratio of as adjusted total covenant senior net debt to annualized EBITDA and the ratio of as adjusted total covenant net debt to annualized EBITDA could increase above the ratio of as adjusted total covenant senior net debt to annualized EBITDA and the ratio of as adjusted total covenant net debt to annualized EBITDA, respectively, as of June 30, 2016 (each as shown above), and such increase could be material. See “*Risk Factors—Risks Relating to Virgin Media’s Indebtedness, Taxes and Other Financial Matters—We may incur additional indebtedness prior to, or within a short time period following, the Issue Date of the Notes, which indebtedness could increase our leverage and may have terms that are more or less favorable than the terms of the Notes and our other existing indebtedness*”.



## SUMMARY OF THE NOTES

The information set out in this Section of this Offering Circular entitled “*Summary of the Notes*” is a summary of the principal features of the transaction. This summary should be read in conjunction with, and is qualified in its entirety by reference to, the detailed information appearing elsewhere in this Offering Circular and to the terms of the Notes, the Trust Deed, the Framework Assignment Agreement and the other Transaction Documents.

### PARTIES:

**Issuer** ..... Virgin Media Receivables Financing Notes I Designated Activity Company, a designated activity company incorporated under the laws of Ireland with registered number 577958 and with its registered office at 3<sup>rd</sup> Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland.

For more detailed information relating to the Issuer, see “*Description of the Issuer*”.

**Initial Purchasers** ..... Credit Suisse Securities (Europe) Limited, Banca IMI S.p.A., Citigroup Global Markets Limited, Deutsche Bank AG, London Branch and ING Bank N.V., London Branch.

**Platform Provider** ..... ING Bank N.V., a company incorporated under the laws of the Netherlands with registered number 33031431, acting through its office at Amsterdamse Poort, Bijlmerplein 888, 1102 MG Amsterdam, the Netherlands, and any successors, assigns or replacements in accordance with the Transaction Documents.

**New VM Facilities Borrower** ..... Virgin Media Investment Holdings Limited, a private limited company organized and existing under the laws of England and Wales, with registered number 03173552, whose registered office is at Media House, Bartley Wood Business Park, Hook, Hampshire, RG27 9UP, United Kingdom, in its capacity as the borrower under the New VM Facilities Agreement.

**New VM Facilities Guarantors** ..... Virgin Media Limited, a private limited company incorporated under the laws of England and Wales with registered number 02591237 and with its registered office at Media House, Bartley Wood Business Park, Hook, Hampshire, RG27 9UP, United Kingdom; Virgin Mobile Telecoms Limited, a private limited company incorporated under the laws of England and Wales with registered number 03707664 and with its registered office at Media House, Bartley Wood Business Park, Hook, Hampshire, RG27 9UP, United Kingdom; Virgin Media Senior Investments Limited, a private limited company incorporated under the laws of England and Wales with registered number 10362628 and with its registered office at Media House, Bartley Wood Business Park, Hook, Hampshire, RG27 9UP, United Kingdom; and any additional Buyer Subsidiary (as defined in the Accounts Payable Management Services Agreement) that accedes to the Accounts Payable Management Services Agreement in accordance with its terms, other than the Excluded Buyer.

### Security Trustee and Notes

**Trustee** ..... BNY Mellon Corporate Trustee Services Limited, a limited liability company registered in England and Wales, whose registered office is at One Canada Square, London, E14 5AL, England in its capacities, respectively, as security trustee (the “**Security Trustee**”) and notes trustee (the “**Notes Trustee**”) under the Trust Deed, and any successors or assigns thereunder.

**Administrator** ..... The Bank of New York Mellon, London Branch, a banking corporation organized and existing under the laws of the state of New York acting through its branch office at One Canada Square, London E14 5AL, England in its capacity as administrative agent (together with any successor thereto approved or appointed by the Issuer, the “**Administrator**”) under the Agency and Account Bank Agreement or any successors or assigns thereunder.

**Account Bank, Paying Agent and**

**Transfer Agent** ..... The Bank of New York Mellon, London Branch, a banking corporation organized and existing under the laws of the state of New York acting through its branch office at One Canada Square, London E14 5AL, England in its capacity as account bank (the “**Account Bank**”), as paying agent (the “**Paying Agent**”) and as transfer agent (the “**Transfer Agent**”) under the Agency and Account Bank Agreement or any successors or assigns thereunder.

**Corporate Servicer** ..... TMF Administration Services Limited, having its registered office at 3<sup>rd</sup> Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland, in its capacity as corporate services provider (the “**Corporate Servicer**”) under the Corporate Administration Agreement.

**Listing Agent** ..... Arthur Cox Listing Services Limited, whose office is at Earlsfort Centre, Earlsfort Terrace, Dublin 2, Ireland, D02 CK83.

**Registrar** ..... The Bank of New York Mellon (Luxembourg) S.A. whose registered office is at 2-4 Rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg, and any successors or assigns.

**TRANSACTION OVERVIEW:**

**Background** ..... The Issuer wishes to issue £350.0 million in aggregate principal amount of Notes.

Through the issuance of the Notes, the Issuer will finance the periodic purchase of VM Accounts Receivable pursuant to the Framework Assignment Agreement and fund advances to the New VM Facilities Borrower under the New VM Facilities Agreement. See “*General Description of Virgin Media’s Business, the Issuer and the Offering—Overview of the Structure of the Offering of the Notes*”.

All Notes will share in the same security.

**Description of the Receivables** ..... The Assigned Receivables consist of VM Accounts Receivable assigned to the Issuer in accordance with the Framework Assignment Agreement. See “*Description of the Receivables*” in this Offering Circular.

**Representations and Warranties**

**Relating to the Receivables** ..... At the time of acceptance and purchase of VM Accounts Receivable by the Issuer, the Obligor’s Parent will represent and warrant, under the Framework Assignment Agreement, to the Issuer, among other things, that such VM Accounts Receivable meet certain eligibility criteria. The eligibility criteria require that such VM Accounts Receivable must: (i) (with respect to the Payment Obligation component of such VM Account Receivable only) be due from the Obligor on a joint and several basis, (ii) (with respect to the Payment Obligation component of such VM Account Receivable only) be

governed by English law, (iii) be denominated in pounds sterling, (iv) constitute the legal, valid and binding obligations of the Obligor party thereto, enforceable against such Obligor in accordance with its terms, (v) be capable of being freely and validly transferred in the manner provided by the Framework Assignment Agreement, so that on purchase the Issuer will receive good title, (vi) be due and payable in full without any right of set-off, counterclaim or deduction in favor of the Obligors, and (vii) have a Scheduled Due Date (as defined in the Framework Assignment Agreement) no later than two Business Days prior to the Maturity Date of the Notes.

**Transaction Documents** ..... The following Transaction Documents have been or will be entered into in connection with the issuance of the Notes:

- (a) the Trust Deed entered into on the Issue Date between, *inter alios*, the Issuer, the Notes Trustee and the Security Trustee;
- (b) the Agency and Account Bank Agreement entered into on the Issue Date between, *inter alios*, the Issuer, the Administrator and the Account Bank;
- (c) the Framework Assignment Agreement to be entered into on or about the Issue Date between, *inter alios*, the Issuer, the Platform Provider and the Obligors' Parent;
- (d) the Accounts Payable Management Services Agreement to be entered into on or before the Issue Date between ING and the Obligors' Parent;
- (e) the Discounted Payments Purchase Agreements entered into, from time to time, between the Platform Provider and the Supplier named therein as may be amended, amended and restated, supplemented or otherwise modified from time to time;
- (f) the Corporate Services Agreement entered into on or prior to the Issue Date between the Corporate Servicer and the Issuer;
- (g) the New VM Facilities Agreement to be entered into on the Issue Date between, *inter alios*, the New VM Facilities Borrower and the Issuer and the other Finance Documents (as defined in the New VM Facilities Agreement) related thereto;
- (h) the Expenses Agreement to be entered into on the Issue Date between the New VM Facilities Borrower and the Issuer; and
- (i) the Issue Date Arrangements Agreement to be entered into on the Issue Date between the New VM Facilities Borrower, the Share Trustee and the Issuer.

The Issuer will also enter into a subscription agreement on or about the date of this Offering Circular, with the Initial Purchasers.

## PRINCIPAL TERMS OF THE NOTES:

**The Notes** ..... The Issuer will issue        % receivables financing notes due 2024 in an aggregate principal amount of £350.0 million on the Issue Date.

For more detailed information see the Section of this Offering Circular entitled “*Terms and Conditions of the Notes*”.

**Issue Date** ..... , 2016

**Form and Denomination** ..... The Notes will be issued in registered form. The Notes will be represented by global notes or certificates in fully registered form without interest coupons to be deposited with and registered in the name of a common depository, for the accounts of Euroclear and/or Clearstream.

The Notes will have a minimum authorized denomination of £100,000 principal amount and integral multiples of £1,000 in excess thereof.

**Eligible Purchasers** ..... The Notes are being offered hereby (i) to non-U.S. persons in offshore transactions in reliance on Regulation S and (ii) in the United States to persons that are both (x) Qualified Institutional Buyers and (y) Qualified Purchasers.

**ERISA** ..... The Notes are not eligible for purchase by or using the assets of a Benefit Plan Investor or any other employee benefit plan (as defined in Section 3(3) of ERISA) which is subject to Similar Laws.

**Status and Priority** ..... The Notes constitute direct and, upon issue, unconditional obligations of the Issuer subject to the Trust Deed and the Conditions, and are secured by the Notes Collateral. The Notes are the obligations solely of the Issuer and not obligations of, or guaranteed by, any of the other parties to the Transaction Documents. The Notes rank *pari passu* without preference or priority among themselves. Certain other obligations of the Issuer rank in priority to the Notes in accordance with the Priorities of Payment. See Condition 3 (“*Status, Priority and Security*”).

**Use of Proceeds** ..... The proceeds of the issuance of the Notes will be used to purchase VM Accounts Receivable pursuant to the Framework Assignment Agreement and to fund advances to the New VM Facilities Borrower under the New VM Facilities Agreement, as further described below, and in “*General Description of Virgin Media’s Business, the Issuer and the Offering—Overview of the Structure of the Offering of the Notes*”. See also “*Use of Proceeds*”.

On or shortly following the Issue Date, the proceeds of the issuance of the Notes, minus the Initial Interest Reserve Amount plus any upfront payments payable by VMIH under the New VM Facilities Agreement, will be used by the Issuer to finance the purchase of VM Accounts Receivable pursuant to the Framework Assignment Agreement. To the extent that there are not sufficient VM Accounts Receivable available for purchase on the first Value Date, the Issuer will advance any excess proceeds from the issuance of the Notes to the New VM Facilities Borrower as Excess Cash Loans under the Excess Cash Facility pursuant to the New VM Facilities Agreement. On the Issue Date, the Issuer will also fund an Interest Facility Loan under the Interest Facility to VMIH, in a principal amount equal to

the Initial Interest Reserve Amount, and a loan in an aggregate principal amount equal to £2.0 million under the Issue Date Facility to VMIH, each pursuant to the New VM Facilities Agreement.

**Withholding Tax** ..... Payments on the Notes will be made without withholding or deduction for, or on account of, any present or future taxes or other governmental charges in any taxing jurisdiction, except to the extent required by applicable law. If withholding or deduction for such taxes is required by certain relevant jurisdictions to be made with respect to a payment on the Notes the Issuer will pay, subject to certain exceptions, any Additional Amounts (as defined in Condition 9 (“*Taxation*”)) necessary so that the amount a Noteholder receives after the withholding or deduction is not less than the amount that would have been received in the absence of such withholding or deduction. See Condition 9 (“*Taxation*”).

**Interest Rate** ..... %

**Interest Accrual Period and Basis of**

**Accrual** ..... Interest will accrue from the Issue Date, semi-annually in arrears and will be computed on the basis of a 360-day year comprising twelve 30-day months.

**Interest Payment Dates** ..... Interest will be paid to Noteholders on March 15 and September 15 of each year, commencing on March 15, 2017 or, if any such day is not a Business Day, the next succeeding day which is a Business Day.

**Business Day** ..... For the purposes of any payment to be made on the Notes, “**Business Day**” or “**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, Dublin, Ireland or London, England are authorized or required by law to close.

**Early Make-Whole Redemption**

**Event** ..... Subject to certain conditions (including, among other things, that any and all remaining Assigned Receivables are repaid by the Obligors, or assigned or agreed to be assigned by the Issuer to another person, prior to the date of redemption and that all amounts lent to the New VM Facilities Borrower under the New VM Facilities Agreement are repaid to the Issuer prior to the date of redemption), the Issuer will, in the event that, prior to September 15, 2019, all amounts lent to the New VM Facilities Borrower under the New VM Facilities Agreement are prepaid by the New VM Facilities Borrower pursuant to Clause 7.2(b) (“*Voluntary Prepayment*”) of the New VM Facilities Agreement, redeem the Notes in whole, but not in part, at their principal amount plus Applicable Premium (as defined in Condition 1 (“*Definitions and the Principles of Constructions—General Interpretation*”))), together with interest and other amounts, if any, to the date of redemption. See Condition 6(d) (“*Redemption, Purchase and Cancellation; Approved Exchange Offer—Early Make-Whole Redemption Event*”).

**Early Redemption Event on or after**

**September 15, 2019** ..... Subject to certain conditions (including, among other things, that any and all remaining Assigned Receivables are repaid by the Obligors, or assigned or agreed to be assigned by the Issuer to another person, prior to the date of redemption and that all amounts lent to the New VM Facilities Borrower under the New VM Facilities Agreement are repaid to the Issuer prior to the date of redemption), the Issuer will, in



the event that, at any time on or after September 15, 2019, all amounts lent to the New VM Facilities Borrower under the New VM Facilities Agreement are prepaid by the New VM Facilities Borrower pursuant to Clause 7.2(b) (“*Voluntary Prepayment*”) of the New VM Facilities Agreement, redeem the Notes in whole, but not in part, at the redemption prices described in Condition 6(e) (“*Redemption, Purchase and Cancellation; Approved Exchange Offer—Early Redemption Event on or after September 15, 2019*”), together with interest and other amounts (including any Additional Amounts), if any, accrued to the applicable redemption date. See Condition 6(e) (“*Redemption, Purchase and Cancellation; Approved Exchange Offer—Early Redemption Event on or after September 15, 2019*”).

**Early Redemption: Tax Event** . . . . . Subject to certain conditions (including, among other things, that any and all remaining Assigned Receivables are repaid by the Obligors, or assigned or agreed to be assigned by the Issuer to another person, prior to the date of redemption and that all amounts lent to the New VM Facilities Borrower under the New VM Facilities Agreement are repaid to the Issuer prior to the date of redemption pursuant to Clause 7.2(a) (“*Voluntary Prepayment*”), the Issuer will, upon giving notice to the New VM Facilities Borrower that a Tax Event (as defined in Condition 1 (“*Definitions and Principles of Construction—General Interpretation*”)) which cannot be cured has occurred or will occur, redeem the Notes in whole, but not in part, at their principal amount, together with interest and other amounts (including Additional Amounts), if any, accrued to the applicable redemption date. See Condition 6(b) (“*Redemption, Purchase and Cancellation; Approved Exchange Offer—Early Redemption: Tax Event*”).

**Early Redemption: Illegality** . . . . . Subject to certain conditions (including, among other things, that any and all remaining Assigned Receivables are repaid by the Obligors, or assigned or agreed to be assigned by the Issuer to another person, prior to the date of redemption and that all amounts lent to the New VM Facilities Borrower under the New VM Facilities Agreement are repaid to the Issuer prior to the date of redemption), the Issuer will redeem the Notes in whole, but not in part, at any time, upon giving prior notice, if it becomes unlawful in any applicable jurisdiction for the Issuer to be a lender or to perform any of its obligations under the New VM Facilities Agreement. If the Issuer exercises such redemption right, it must pay to Noteholders a price equal to the principal amount of the Notes plus interest and other amounts, if any, to the date of redemption. See Condition 6(c) (“*Redemption, Purchase and Cancellation; Approved Exchange Offer—Early Redemption: Illegality*”).

**Accelerated Maturity Event** . . . . . Following a Change of Control (as defined under the New VM Facilities Agreement), VMIH will be required to offer to prepay the New VM Facilities Loans (as defined herein). Following receipt of such prepayment offer, the Issuer will launch a consent solicitation to set (i) the Maturity Date of the Notes as the New Maturity Date (as defined in Condition 1 (“*Definitions and Principles of Construction—General Interpretation*”)) and (ii) the redemption price of the Notes on the New Maturity Date at 101% of the principal amount of the Notes (“**Accelerated Redemption Price**”), plus accrued and unpaid interest to the New Maturity Date, in accordance with Condition 6(f) (“*Redemption, Purchase and Cancellation; Approved Exchange Offer—Accelerated Maturity Event*”). If Noteholders of more than 50% of the aggregate principal amount of Notes consent to the

foregoing requests, the Issuer will inform VMIH that it accepts the prepayment offer, and VMIH will prepay the New VM Facilities Loans at par, plus accrued and unpaid interest thereon, together with a payment equal to 1% of the principal amount of the Excess Cash Loans and Interest Facility Loans so prepaid. Following such prepayment, the Issuer will redeem all of the Notes on the New Maturity Date at the Accelerated Redemption Price, plus accrued and unpaid interest to the New Maturity Date. See Conditions 6(f), 6(g) and 6(h) (“*Redemption, Purchase and Cancellation; Approved Exchange Offer—Accelerated Maturity Event*”).

**Approved Exchange Offer** . . . . . In order to extend the availability of the committed financing for the purchase of VM Accounts Receivable represented by the Committed Principal Proceeds (as defined in “*General Description of Virgin Media’s Business, the Issuer and the Offering—Overview of the Structure of the Offering of the Notes*”) beyond the Maturity Date of the Notes, VMIH may, at any time, enter into an exchange offer and payables financing plan agreement (a “**Plan Agreement**”) with a new entity (a “**New Issuer**”). Pursuant to any such Plan Agreement, the New Issuer will procure from VMIH a commitment to cancel amounts of the New VM Facilities, and will enter into agreements with VMIH, the Platform Provider, the Platform Provider, the Notes Trustee and other relevant counterparties providing for the New Issuer’s purchase of VM Accounts Receivable on terms and conditions substantially similar to the Transaction Documents.

Promptly after entering into the Plan Agreement, the New Issuer will launch an exchange offer (the “**Approved Exchange Offer**”) designed to allow holders of Notes to exchange up to a specified principal amount of Notes for a principal amount of New Notes to be set out in the Approved Exchange Offer. The aggregate principal amount of New Notes to be issued, the selection of Assigned Receivables to be assigned by the Issuer to the New Issuer, the aggregate principal amount of Interest Facility Loans and Excess Cash Loans to be prepaid by VMIH, and the Accrued Facility Interest and Shortfall Amount (as defined elsewhere in this Offering Circular) to be paid by the Issuer to the New Issuer, each in connection with the Approved Exchange Offer, will be determined as described in Conditions 6(j) and 6(k) (“*Redemption, Purchase and Cancellation; Approved Exchange Offer—Approved Exchange Offer*”). Additionally, the consummation of the Approved Exchange Offer will be subject to the conditions set out in the Trust Deed.

**Initial Maturity Date** . . . . . September 15, 2024

**Notes Collateral** . . . . . The Notes will be secured by: (i) a first fixed charge over the Issuer’s rights, title, benefit and interest in, to and under the Assigned Receivables; (ii) an assignment by way of security over the Issuer’s rights under all contracts, agreements, deeds and documents to which it is or may become a party or in respect of which it has or may have any right, title, benefit or interest (including, without limitation, the New VM Facilities Agreement, the Expenses Agreement, the Framework Assignment Agreement, and the Issue Date Arrangements Agreement); (iii) a first fixed charge over the Issuer’s rights to all amounts at any time standing to the credit of the Issuer Transaction Accounts; and (iv) a first floating charge over all of the present and future property, assets and undertakings of the Issuer not subject to the fixed charges or assignments by way of security described above,

but excluding, for the purposes of (i) to (iv), the Irish Excluded Assets.

**Limited Recourse** . . . . . The Notes will be the limited recourse obligations of the Issuer. None of Virgin Media nor any of its subsidiaries will guarantee or provide any security or any other credit support to the Issuer with respect to its obligations under the Notes. Other than in the limited circumstances described herein, Noteholders will not have a direct claim on the cash flow or assets of Virgin Media or any of its subsidiaries, and neither Virgin Media nor any of its subsidiaries has any obligation, contingent or otherwise, to pay amounts due under the Notes, or to make funds available to the Issuer for those payments, other than the obligations of (i) the Obligors to make payments to the Issuer in respect of the Assigned Receivables, (ii) the Obligors to make payments to the Issuer in respect of the New VM Facilities Agreement, or (iii) VMIH to make payments to the Issuer under the Expenses Agreement and, in each case of (i) to (iii) above, any agreements related thereto to which such Obligor or the New VM Facilities Borrower is party.

**Listing and Admission to Trading** . . . . Application will be made to the Irish Stock Exchange for the Notes to be admitted to the Official List and to trading on the Global Exchange Market. Application will be made to the Irish Stock Exchange for this Offering Circular to be approved as listing particulars. Such approval relates only to the Notes which are to be admitted to trading on the Global Exchange Market. It is anticipated that listing will take place as soon as practicable after the Issue Date. There can be no assurance that such listing will be granted. See the section of this Offering Circular headed “*Listing and General Information*”.

**ISIN/Common Code Number** . . . . . The Notes sold in offshore transactions in reliance on Regulation S under the Securities Act and represented by the Regulation S Global Notes have been accepted for clearance through Euroclear and Clearstream.

The Notes sold to persons that are both Qualified Institutional Buyers and Qualified Purchasers in reliance on Rule 144A under the Securities Act and represented by Rule 144A Global Notes have been accepted for clearance through Euroclear and Clearstream.

The Common Codes and International Securities Identification Numbers (“**ISIN**”) for the Notes are as follows:

**Rule 144A Global Note**

Common Code:

ISIN:

**Regulation S Global Note**

Common Code:

ISIN:

**Further Notes** . . . . . The Issuer may from time to time on any date before the Maturity Date or the date of early redemption of the Notes in accordance with Condition 6 (“*Redemption, Purchase and Cancellation; Approved*

*Exchange Offer*”), without the consent of Noteholders, issue Further Notes in accordance with Condition 20 (“*Issue of Further Notes*”) and the provisions of the Trust Deed.

**Listing** ..... Following the Issue Date, application will be made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its Global Exchange Market. Notwithstanding the foregoing, the Issuer may, at its sole option at any time, without the consent of the Noteholders or the Notes Trustee, de-list the Notes, for the purposes of moving the listing of such Notes to the Official List of the Channel Islands Securities Exchange Authority Limited. See Condition 25 (“*Listing*”).

**Governing Law** ..... All of the Transaction Documents will be governed by English law, other than the Corporate Administration Agreement and the Issue Date Arrangements Agreement (which are or will be governed by Irish law).

## **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 Offering Circular. If any of the events described below, individually or in combination, were to occur, this could have a material adverse impact on the Issuer's and Virgin Media's business, prospects, results of operations and financial condition and could therefore have a negative effect on the trading price of the Notes and the ability of VMIH and/or the Subsidiary Obligors, as applicable, to pay all or part of any amounts payable in respect of the Assigned Receivables, the New VM Facilities Agreement or the Expenses Agreement, and in turn, would have an adverse effect on the Issuer's ability to make payments 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 the Issuer's or Virgin Media's results of operations, financial condition, business or operations in the future. In addition, past financial performance of Virgin Media may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods.*

*This Offering Circular 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 Offering Circular.*

*Prospective purchasers of the Notes should ensure that they understand the nature of such Notes and the extent of their exposure to risk, that they have sufficient knowledge, experience and access to professional advisers to make their own legal, tax, regulatory, accounting and financial evaluation of the merits and risks of investment in such Notes and that they consider the suitability of such Notes as an investment in light of their own circumstances and financial condition and that of any accounts for which they are acting.*

### **General Risks**

It is intended that the Issuer will invest in VM Accounts Receivable and in the New VM Facilities Loans and other financial assets with certain risk characteristics as described below. There can be no assurance that the Issuer's investments will be successful, that its investment objectives will be achieved, that the Noteholders will receive the full amounts payable by the Issuer under the Notes or that they will receive any return on their investment in the Notes. Prospective investors are advised to review this entire Offering Circular carefully and should consider, among other things, the risk factors set out in this section before deciding whether to invest in the Notes. None of the Initial Purchasers or the Notes Trustee undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of the Initial Purchasers or the Notes Trustee which is not included in this Offering Circular.

### ***Business and regulatory risks for vehicles of the Issuer's nature***

Legal, tax and regulatory changes could occur over the course of the life of the Notes that may adversely affect the Issuer. The regulatory environment for vehicles of the nature of the Issuer is evolving, and changes in regulation may adversely affect the value of investments held by the Issuer and the ability of the Issuer to obtain the leverage it might otherwise obtain or to pursue its investment and trading strategies. In addition, the securities and derivatives markets are subject to comprehensive statutes, regulations and margin requirements.

Certain regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulation of transactions of a type similar to this transaction, derivatives transactions and vehicles that engage in such transactions is an evolving area of law and is subject to modification by government and judicial action. The effect of any future regulatory change on the Issuer could be substantial and adverse.

### ***The U.K. referendum advising for the exit of the U.K. from the E.U. could have a material adverse effect on our business, financial condition or results of operations***

On June 23, 2016, the U.K. held a referendum in which voters approved, on an advisory basis, an exit from the E.U., commonly referred to as "Brexit." Although the vote is non-binding, it is expected that the referendum will be passed into law and the British government will commence negotiations to determine the terms of the U.K.'s withdrawal from the E.U. A withdrawal could, among other outcomes, disrupt the free movement of



goods, services and people between the U.K. and the E.U., undermine bilateral cooperation in key geographic areas and significantly disrupt trade between the U.K. and the E.U. or other nations as the U.K. pursues independent trade relations. The initial impact of the announcement of Brexit caused significant volatility in global capital markets, as well as significant currency fluctuations that resulted in the strengthening of the U.S. dollar against foreign currencies, namely the British pound sterling and the euro.

The potential impacts, if any, of the uncertainty relating to Brexit or the resulting terms of the withdrawal of the U.K. from the E.U. on customer behavior, economic conditions, interest rates, currency exchange rates, availability of capital or other matters are unclear. Examples of the impact Brexit could have on our business, financial condition or results of operations include:

- changes in foreign currency exchange rates and disruptions in the capital markets;
- legal uncertainty and potentially divergent national laws and regulations as the U.K. determines which E.U. laws and directives to replace or replicate, or where previously implemented by enactment of U.K. laws or regulations, to retain, amend or repeal;
- uncertainty as to the terms of the U.K.'s withdrawal from, and future relationship with, the E.U. in terms of the impact on the free movement of our services, capital and employees;
- global economic uncertainty, which may cause our customers to reevaluate what they are willing to spend on our products and services; and
- various geopolitical forces may impact the global economy and our business, including, for example, other E.U. member states proposing referendums to, or electing to, exit the E.U.

### ***Euro and Euro zone risk***

The deterioration of the sovereign debt of several countries, together with the risk of contagion to other, more stable, countries, has raised a number of uncertainties regarding the stability and overall standing of the European Economic and Monetary Union and may result in changes to the composition of the Euro zone.

As a result of the credit crisis in Europe, the European Commission created the European Financial Stability Facility (the “**EFSF**”) and the European Financial Stability Mechanism (the “**EFSM**”) to provide funding to Euro zone countries in financial difficulties that seek such support. In March 2011, the European Council agreed on the need for Euro zone countries to establish a permanent stability mechanism, the European Stability Mechanism (the “**ESM**”), to assume the role of the EFSF and the EFSM in providing external financial assistance to Euro zone countries from July 1, 2013 onward.

Despite these measures, concerns persist regarding the growing risk that other Euro zone countries could be subject to an increase in borrowing costs and could face an economic crisis similar to that of Cyprus, Greece, Ireland, Italy, Portugal and Spain, together with the risk that some countries, such as the United Kingdom (following its referendum on June 23, 2016) could leave the European Union and/or the Euro zone (either voluntarily or involuntarily), and that the impact of these events on Europe and the global financial system could be severe which could have a negative impact on Virgin Media and the Notes Collateral (including, without limitation, the Assigned Receivables). For a description of the risks associated with the United Kingdom's vote to leave the European Union, see “*The U.K. referendum advising for the exit of the U.K. from the E.U. could have a material adverse effect on our business, financial condition or results of operations*” above.

Furthermore, concerns that the Euro zone sovereign debt crisis could worsen may lead to the reintroduction of national currencies in one or more Euro zone countries or, in more extreme circumstances, the possible dissolution of the Euro entirely. The departure or risk of departure from the Euro by one or more Euro zone countries and/or the abandonment of the Euro as a currency could have major negative effects on the Issuer, the Notes Collateral (including the risks of currency losses arising out of redenomination and related haircuts on any affected areas), Virgin Media and the Notes. Should the Euro dissolve entirely, the legal and contractual consequences for holders of Euro-denominated obligations would be determined by laws in effect at such time. These potential developments, or market perceptions concerning these and related issues, could adversely affect the value of the Notes. It is difficult to predict the final outcome of the Euro zone crisis. Investors should carefully consider how changes to the Euro zone may affect their investment in the Notes.

## **Risks relating to Regulatory Initiatives**

### ***Regulatory initiatives***

In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of banks, financial institutions and the asset-backed securities industry. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in securitization exposures and/or the incentives for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position and none of Virgin Media, the Issuer, the Initial Purchasers, the Administrator, the Obligors, the Security Trustee or the Notes Trustee nor any of their affiliates makes any representation to any prospective investor or purchaser of the Notes regarding the impact of such regulation on the prospective investor or purchaser of the Notes or the regulatory capital treatment of their investment in the Notes in each case, on the Issue Date or at any time in the future.

This uncertainty is further compounded by the numerous regulatory efforts underway in Europe, the U.S. and globally. Certain of these efforts overlap. In addition, even where these regulatory efforts overlap, they generally have not been undertaken on a coordinated basis. Areas where divergence between regulation exists or has begun to develop (whether with respect to scope, interpretation, timing, approach or otherwise) includes trading, clearing and reporting requirements for derivatives transactions, higher capital and margin requirements relating to uncleared derivatives transactions, and capital and liquidity requirements that may result in mandatory “ring-fencing” of capital or liquidity in certain jurisdictions, among others. Investors should be aware that those risks are material and that the Issuer and, consequently, an investment in the Notes could be materially and adversely affected thereby.

No representation is made as to the proper characterisation of the Notes for legal investment, financial institution regulatory, financial reporting or other purposes, as to the ability of particular investors to purchase the Notes under applicable legal investment or other restrictions or as to the consequences of an investment in the Notes for such purposes or under such restrictions. Certain regulatory or legislative provisions applicable to certain investors may have the effect of limiting or restricting their ability to hold or acquire the Notes, which in turn may adversely affect the ability of investors in the Notes who are not subject to those provisions to resell their Notes in the secondary market.

### ***Basel III***

The regulatory capital and liquidity regime applicable to member countries of the Basel Committee on Banking Supervision (“BCBS”) (commonly referred to as “**Basel III**”) provides for a substantial strengthening of prudential rules compared to the previous regulatory regime, and includes requirements intended to reinforce capital standards (with heightened requirements for global systemically important banks), revisions to the securitization framework, the establishment of a leverage ratio “backstop” for financial institutions and certain minimum liquidity standards (referred to as the Liquidity Coverage Ratio (“**LCR**”) and the Net Stable Funding Ratio (“**NSFR**”). BCBS member countries agreed to implement Basel III from January 1, 2013, subject to transitional and phase-in arrangements for certain requirements (e.g. the LCR requirements refer to implementation from the start of 2015, with full implementation by January 2019, and the NSFR requirements refer to implementation from January 2018). The final rules, and the timetable for the full implementation of the Basel III framework in each jurisdiction, as well as the treatment of asset-backed securities (e.g. as LCR eligible assets or not), may be subject to some level of national variation. It should also be noted that changes to regulatory capital requirements for insurance and reinsurance undertakings are also being introduced, through initiatives such as the Solvency II framework in Europe.

Prospective investors should therefore make themselves aware of the prudential requirements described above (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other applicable regulatory requirements with respect to their investment in the Notes. The matters described above and any further changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market.

### ***U.S. risk retention requirements***

On October 21, 2014, the final rules implementing the credit risk retention requirements of Section 941 of the Dodd-Frank Act (the “**U.S. Risk Retention Rules**”) were issued. The U.S. Risk Retention Rules generally

require the sponsor of a securitization to retain not less than five per cent. of the credit risk of the assets collateralizing the issuer's asset-backed securities ("**ABS**"). The U.S. Risk Retention Rules with respect to ABS collateralized by residential mortgages became effective on December 24, 2015, and the U.S. Risk Retention Rules with respect to all other classes of ABS will become effective on December 24, 2016 (the "**U.S. Risk Retention Effective Date**"). While the U.S. Risk Retention Rules will not apply to the issuance and sale of the Notes on the Issue Date, the U.S. Risk Retention Rules may have other adverse effects on the Issuer and/or the Noteholders. The U.S. Risk Retention Rules would (subject to the availability of the exemption described below) be expected to apply to any additional Notes issued after the Issue Date or any refinancing of the Notes, if such subsequent issuance or refinancing of the Notes occurs on or after the effective date of the U.S. Risk Retention Rules. In addition, the SEC has indicated in contexts separate from the U.S. Risk Retention Rules that an "offer" or a "sale" of securities may arise when amendments to securities are so material as to require holders to make an "investment decision" with respect to such amendment. Thus, if the SEC were to take a similar position with respect to the U.S. Risk Retention Rules, they could apply to material amendments to this Offering Circular and the Notes, including a re-pricing, to the extent such amendments require investors to make an investment decision.

A limited exemption, or "safe harbor", from the U.S. Risk Retention Rules exists for foreign securitizations provided they satisfy certain conditions. One such condition is that not more than 10 per cent. of the dollar value (or the equivalent amount in a foreign currency) of all classes of ABS interests in the securitization are sold or transferred to U.S. persons or for the account or benefit of U.S. persons. The relevant federal agencies have specified in their comments published with the U.S. Risk Retention Rules appearing in the Federal Register on December 24, 2014 that the 10 per cent. limitation only applies to ABS interests sold in the initial distribution of ABS interests; secondary sales to U.S. persons would not normally be included in the calculation. However, secondary sales into the U.S. under circumstances that indicate that such sales were contemplated at the time of the issuance (and not included for purposes of calculating the 10 per cent. limit) might be viewed as part of a plan or scheme to evade the requirements of the rule; such securitization transactions would then be unable to avail themselves of the "safe harbor". Notwithstanding that the Initial Purchasers expect to control the initial distribution of the Notes with the intent that the Transactions will be exempt from the U.S. Risk Retention Rules (to the extent they might otherwise apply) pursuant to the "safe harbor", none of Virgin Media, the Issuer, the Initial Purchasers, the Administrator, the Obligors, the Security Trustee or the Notes Trustee nor any of their affiliates makes any representation regarding whether the Transactions will fall within the "safe harbor". Each investor in the Notes must make its own determination as to whether the "safe harbor" applies.

As a result, the U.S. Risk Retention Rules may adversely affect the Issuer (and the performance and market value of the Notes) if the "safe harbor" described above is found not to apply to the Transactions and the Issuer is thus unable to undertake any such additional issuance or refinancing of the Notes and may affect the liquidity of the Notes. Furthermore, no assurance can be given as to whether the U.S. Risk Retention Rules would have any future material adverse effect on the business, financial condition or prospects of the Issuer or on the market value or liquidity of the Notes.

#### ***Alternative Investment Fund Managers Directive***

EU Directive 2011/61/EU on Alternative Investment Fund Managers ("**AIFMD**") regulates alternative investment fund managers ("**AIFMs**") and provides that an alternative investment fund ("**AIF**") within the scope of AIFMD must have a designated AIFM responsible for ensuring compliance with AIFMD.

AIFMD provides that it shall not apply to "securitisation special purpose entities" (the "**SSPE Exemption**"), which are defined by reference to securitisation within the meaning of Article 1(2) of Regulation (EC) No 24/2009 of the European Central Bank of December 19, 2008 (the "**FVC Regulation**"). The European Securities and Markets Authority ("**ESMA**") has not yet given any formal guidance on the application of the SSPE Exemption or whether a vehicle such as the Issuer would fall within it.

Separately, the Central Bank of Ireland ("**CBI**"), which is the relevant competent authority in Ireland for authorizing and regulating AIFMs, provided guidance in November 2013 which confirmed that, as a transitional arrangement (and subject to further guidance from ESMA), an entity which is either: (i) registered as a financial vehicle corporation ("**FVC**") in accordance with the FVC Regulation; or (ii) a financial vehicle engaged solely in activities where economic participation is by way of debt or other corresponding instruments which do not provide ownership rights in the financial vehicle as are provided by the sale of units or shares, does not need to seek authorization as an AIF or appoint an AIFM. The original FVC Regulation was repealed and replaced on January 1, 2015 by Regulation (EU) No 1075/2013 of the European Central Bank, but it appears that the relevant CBI guidance above would nonetheless continue to apply.

The Issuer has been registered as an FVC with the CBI and, accordingly, is of the view that as a matter of Irish law it is not subject to AIFMD or required to appoint an AIFM. However, if the Issuer were to constitute an AIF (because, for example, of a change in the guidance from the CBI or ESMA) and did not fall within the SSPE Exemption then it would be necessary for the Issuer to appoint an AIFM which would be subject to AIFMD and would need to be appropriately regulated. The AIFM would be subject to certain duties and responsibilities in respect of the management of the Issuer's investments, which could result in significant additional costs and expenses being incurred which may be reimbursable by the Issuer and which may materially adversely affect the Issuer's ability to carry on its business, which may in turn negatively affect the amounts payable to Noteholders.

### ***U.S. Dodd–Frank Act***

The Dodd–Frank Wall Street Reform and Consumer Protection Act (the “**Dodd–Frank Act**”) was signed into law on July 21, 2010. The Dodd–Frank Act represents a comprehensive change to financial regulation in the United States, and affects virtually every area of the capital markets. Implementation of the Dodd–Frank Act requires many lengthy rulemaking processes resulting in a multitude of new regulations applicable to entities which transact business in the U.S. or with U.S. persons outside the U.S. While many regulations implementing various provisions of the Dodd–Frank Act have been finalised and adopted, some implementing regulations currently exist only in draft form and are subject to comment and revision, and still other implementing regulations have not yet been proposed. It is therefore difficult to predict whether and to what extent the business of the Issuer will be affected by the Dodd–Frank Act as implementing regulations are finalised over time and come into effect.

In addition, the joint final rule implementing the U.S. Risk Retention Rules was adopted on October 21 and October 22, 2014. See “*U.S. Risk Retention Requirements*” above. Although such rule will not become fully effective until the U.S. Risk Retention Effective Date, it could limit the ability of the Issuer to issue additional Notes or undertake any refinancing thereof after the U.S. Risk Retention Effective Date.

The SEC had also proposed changes to Regulation AB under the Securities Act (“**Regulation AB**”) which would have had the potential to impose new disclosure requirements on securities offerings pursuant to Rule 144A under the Securities Act or pursuant to other SEC regulatory exemptions from registration. Such rules, if adopted, could have restricted the use of this Offering Circular or required the publication of a new Offering Circular in connection with the issuance and sale of any additional Notes or any refinancing thereof. While on August 27, 2014, the SEC adopted final rules amending Regulation AB that did not implement these proposals, the SEC has indicated that it is continuing to consider amendments that were proposed with respect to Regulation AB but not adopted, and that further amendments may be forthcoming in the future.

As such, investors should consult their own independent advisers and make their own assessment about the potential risks posed by the Dodd–Frank Act and the rules to be promulgated thereunder in making any investment decision in respect of the Notes.

### ***Volcker Rule***

Section 13 of the U.S. Bank Holding Company Act of 1956 and associated regulations (known as the “**Volcker Rule**”) prevents “banking entities” (a term which includes affiliates of a U.S. banking organization as well as affiliates of a foreign banking organization that has a branch or agency in the U.S., regardless where such affiliates are located) from (i) engaging in “proprietary trading”, or (ii) acquiring or retaining any “ownership interest” in, or in sponsoring, a “covered fund”, in each case subject to certain exclusions or exemptions.

A “covered fund” includes any issuer which would be an investment company under the Investment Company Act but is exempt from registration solely in reliance on section 3(c)(1) or 3(c)(7) of that Act. Because the Issuer will rely on Section 3(c)(7), it will be a covered fund within the meaning of the Volcker Rule, unless it fits within an exclusion or exemption provided in the Volcker Rule. As a covered fund, if the Issuer cannot rely on an exclusion or exemption, there would be limitations on the ability of banking entities to purchase or retain any Notes deemed to be “ownership interests”.

“Ownership interest” is defined under the Volcker Rule as “any equity, partnership, or other similar interest.” The Notes are not equity or partnership interests. The phrase “other similar interests” is defined under the Volcker Rule as an interest that:

- (A) Has the right to participate in the selection or removal of a general partner, managing member, member of the board of directors or trustees, investment manager, investment advisor, or commodity trading



advisor of the covered fund (excluding the rights of a creditor to exercise remedies upon the occurrence of an event of default or an acceleration event);

- (B) Has the right under the terms of the interest to receive a share of the income, gains or profits of the covered fund;
- (C) Has the right to receive the underlying assets of the covered fund after all other interests have been redeemed and/or paid in full (excluding the rights of a creditor to exercise remedies upon the occurrence of an event of default or an acceleration event);
- (D) Has the right to receive all or a portion of excess spread (the positive difference, if any, between the aggregate interest payments received from the underlying assets of the covered fund and the aggregate interest paid to the holders of other outstanding interests);
- (E) Provides under the terms of the interest that the amounts payable by the covered fund with respect to the interest could be reduced based on losses arising from the underlying assets of the covered fund, such as allocation of losses, write-downs or charge-offs of the outstanding principal balance, or reductions in the amount of interest due and payable on the interest;
- (F) Receives income on a pass-through basis from the covered fund, or has a rate of return that is determined by reference to the performance of the underlying assets of the covered fund;

or

- (G) Any synthetic right to have, receive, or be allocated any of the rights in Clauses (A) through (F) above.

On the Issue Date, pursuant to and in accordance with the Trust Deed, the Notes Trustee will be appointed to act as a creditor representative of the Noteholders and the Security Trustee will be appointed to act as security trustee for the Secured Parties (which will include the Noteholders). Subject to and in accordance with the terms of the Trust Deed and the Conditions, prior to the delivery or deemed delivery of a Note Acceleration Notice (following the occurrence of an Issuer Event of Default which is continuing) and/or an Enforcement Notice, as applicable, the Issuer may continue to exercise its rights under the Transaction Documents (including with respect to its assets comprising the Notes Collateral) and no Noteholder will be entitled to take (or to instruct the Notes Trustee and/or the Security Trustee, as applicable, to take) any proceedings or other actions directly against the Issuer, including to (i) take any corporate action or other steps or legal proceedings for the winding-up, dissolution or reorganisation or for the appointment of a receiver, administrator, administrative receiver, trustee, liquidator, sequestrator, examiner or similar officer of the Issuer or of its revenues and assets; or (ii) take any steps for the purpose of obtaining payment of any amounts payable to it under the Notes or any Transaction Document, and no Noteholder shall take any steps to recover any debts whatsoever owing to it by the Issuer. See “*Terms and Conditions of the Notes*” and “*Summary of Principal Documents—Trust Deed*” included elsewhere in this Offering Circular. These rights of the Noteholders to enforce the rights and remedies granted for the benefit of the Noteholders under the Transaction Documents are the types of rights that are excluded from the rights that are included in the definition of “other similar interests”.

The Noteholders have no rights under the Transaction Documents to participate in the selection or removal of any of the types of partners, members or managers of the Issuer described in Clause (A) above. The management of the Issuer will be governed by the terms of a corporate administrator agreement between the Issuer and TMF Administration Services Limited, an independent corporate services provider not controlled by the Noteholders (the “**Corporate Servicer**”), pursuant to which the Corporate Servicer agrees to perform various management functions on behalf of the Issuer. Pursuant to the terms of a declaration of trust dated March 23, 2016 as amended and restated on September 16, 2016 (the “**Declaration of Trust**”), TMF Management (Ireland) Limited, an independent share trustee not controlled by the Noteholders (the “**Share Trustee**”) will hold all the authorized, issued and fully paid up share capital of the Issuer. The Share Trustee is the only person with the right to subscribe for any share capital of the Issuer, and it has the ability to elect directors of the Issuer and may be able to take certain other actions permitted to be taken by shareholders under the constitution of the Issuer. The Noteholders have no rights to participate in the selection or removal of the Share Trustee under the Declaration of Trust. See “*Description of the Issuer*” included elsewhere in this Offering Circular. Pursuant to the Agency and Account Bank Agreement, the Issuer will appoint The Bank of New York Mellon, London Branch to act as its portfolio administrator, administrative agent and calculation agent under the Transaction Documents (the “**Administrator**”), it being agreed that the Administrator (and each other Agent under the Agency and Account Bank Agreement) will act solely as agent for the Issuer and will not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

The Noteholders have no rights under the Transaction Documents to receive a share of the income, gains or profits of the Issuer as described in Clause (B) above, and have no rights to receive the underlying assets of the



Issuer after all other interests have been redeemed and/or paid in full (excluding the rights of a creditor to exercise remedies upon the occurrence of an event of default or an acceleration event) as described in Clause (C) above. The Issuer is a special purpose vehicle which, so long as any of the Notes are outstanding, will be subject to the restrictions set out in the Trust Deed and the Conditions. The Issuer will not have any subsidiaries and, save in respect of the proceeds of the Issuer's issued share capital held by the Share Trustee and the amounts standing to the credit of the Issuer Profit Account as contemplated by the Transaction Documents (which do not comprise any part of the Notes Collateral), the Issuer will not be able to accumulate any surpluses. The only assets of the Issuer available to meet claims of the Noteholders and the other Secured Parties are the assets comprising the Notes Collateral, which (as described above) cannot be enforced prior to an Enforcement Notice in accordance with the Trust Deed and the Conditions. See "*Description of the Issuer*" included elsewhere in this Offering Circular.

The Noteholders have no rights to receive any excess spread (the positive difference, if any, between the aggregate interest payments received from the underlying assets of Issuer and the aggregate interest paid to the Noteholders) as described in Clause (D) above. The New VM Facilities Agreement will provide that the Issuer will pay or transfer any Term Excess Arrangement Payment and any Maturity Excess Payment (in each case calculated in accordance with the Agency and Account Bank Agreement) to VMIH, as a rebate of previously paid interest under the New VM Facilities Agreement. See "*General Description of Virgin Media's Business, the Issuer and the Offering—Overview of the Structure of the Offering of the Notes*", "*Summary of Principal Documents—Agency and Account Bank Agreement*", "*Summary of Principal Documents—New VM Facilities Agreement*" and "*Annex A: New VM Facilities Agreement*" included elsewhere in this Offering Circular.

On the Issue Date, the Issuer will issue £350,000,000 aggregate principal amount of Notes, which will bear interest at a fixed rate per annum equal to %, as further described elsewhere in this Offering Circular. While the Issuer, as a special purpose vehicle, is wholly dependent on the payments it will receive in respect of the Assigned Receivables and under the Framework Assignment Agreement, the New VM Facilities Agreement and the Expenses Agreement, and a failure by any of the Obligor to provide such funding (or by the Platform Provider in certain limited circumstances to make payments due to the Issuer under the Framework Assignment Agreement) may, in practice, negatively impact the ability of the Issuer to meet its obligations under the Transaction Documents (including the Notes), there are no contractual terms of the Notes under the Trust Deed or the Conditions which provide that the amounts payable by the Issuer (whether as principal or interest) with respect to the Notes will be reduced based on losses arising from the underlying assets of the Issuer as described in Clause (E) above. Furthermore, as the Notes bear interest at a fixed rate, the rate of interest on the Notes is not determined by reference to the performance of the underlying assets of the Issuer as described in Clause (F) above. See "*Risk Factors—Risks Relating to the Notes—The Issuer is an unaffiliated special purpose financing company which will depend on payments in respect of the Assigned Receivables and under the Framework Assignment Agreement, the New VM Facilities Agreement and the Expenses Agreement to provide it with funds to meet its obligations under the Notes*", the "*Terms and Conditions of the Notes*" and the "*Summary of Principal Documents—Trust Deed*" included elsewhere in this Offering Circular. The Issuer will not be entitled to make any modifications to the terms of the Notes which would have the effect of reducing or cancelling the amount of principal payable in respect of the Notes or altering the rate of interest applicable in respect of the Notes (each of which would constitute a Basic Terms Modification), without the approval of the Noteholders by Extraordinary Resolution (in respect of a Basic Terms Modification), in accordance with the Trust Deed and the Conditions. See "*Risk Factors—Risks Relating to the Notes—Amendments, waivers, Noteholder resolutions and instructions*" and "*Terms and Conditions of the Notes*" included elsewhere in this Offering Circular.

The Issuer expects that the Noteholders will not receive income on a pass-through basis from the Issuer as described in Clause (F) above, as the Issuer expects that the Noteholders will hold the Notes as debt and not as equity for U.S. federal income tax purposes, as further discussed in "*Risk Factors—Risks Relating to the Notes—U.S. tax risks*" and "*Taxation—U.S. Federal Income Tax Considerations*" included elsewhere in this Offering Circular.

The Trust Deed and Conditions relating to the Notes do not confer upon the Noteholders any synthetic rights to have, receive or be allocated any of the rights in Clauses (A) through (F) above.

None of Virgin Media, the Issuer, the Initial Purchasers, the Administrator, the Obligor, the Security Trustee or the Notes Trustee nor any of their affiliates makes any representation regarding whether the Notes are "ownership interests" in a "covered fund" for purposes of the Volcker Rule. Each investor in the Notes must make its own determination as to whether it is subject to the Volcker Rule, whether its investment in the Notes would be restricted or prohibited under the Volcker Rule, and the potential impact of the Volcker Rule on its investment, any liquidity in connection therewith and on its portfolio generally.

The Volcker Rule and any similar measures introduced in another relevant jurisdiction may impact on the price and liquidity of the Notes in the secondary market or restrict prospective investors' ability to hold the Notes. Each purchaser is responsible for analyzing its own position under the Volcker Rule and any similar measures.

***Anti-money laundering, corruption, bribery and similar laws may require certain actions or disclosures***

Many jurisdictions have adopted wide-ranging anti-money laundering, economic and trade sanctions, and anti-corruption and anti-bribery laws, and regulations (collectively, the “**AML Requirements**”). Any of the Issuer, the Initial Purchasers, the Administrator, the Obligors' Parent, the Security Trustee or the Notes Trustee could be requested or required to obtain certain assurances from prospective investors intending to purchase Notes and to retain such information or to disclose information pertaining to them to governmental, regulatory or other authorities or to financial intermediaries or engage in due diligence or take other related actions in the future. It is expected that the Issuer, the Initial Purchasers, the Administrator, the Obligors' Parent, the Security Trustee and the Notes Trustee will comply with AML Requirements to which they are or may become subject and to interpret such AML Requirements broadly in favor of disclosure. Failure to honor any request by the Issuer, the Initial Purchasers, the Administrator, the Obligors' Parent, the Security Trustee or the Notes Trustee to provide requested information or take such other actions as may be necessary or advisable for the Issuer, the Initial Purchasers, the Administrator, the Obligors' Parent, the Security Trustee or the Notes Trustee to comply with any AML Requirements, related legal process or appropriate requests (whether formal or informal) may result in, among other things, a forced sale to another investor of such investor's Notes. In addition, it is expected that each of the Issuer, the Initial Purchasers, the Administrator, the Obligors' Parent, the Security Trustee and the Notes Trustee intends to comply with applicable anti-money laundering and anti-terrorism, economic and trade sanctions, and anti-corruption or anti-bribery laws and regulations of the United States and other countries, and will disclose any information required or requested by authorities in connection therewith.

***Evolution of international fiscal and taxation policy and OECD Action Plan on Base Erosion and Profit Shifting***

At a meeting in Paris on May 29, 2013, the Organisation for Economic Co-operation and Development (“**OECD**”) Council at Ministerial Level adopted a declaration on base erosion and profit shifting urging the OECD's Committee on Fiscal Affairs to develop an action plan to address base erosion and profit shifting in a comprehensive manner. In July 2013, the OECD launched an Action Plan on Base Erosion and Profit Shifting (“**BEPS**”), identifying fifteen specific actions to achieve this. Subsequently, the OECD published discussion papers and held public consultations in relation to those actions, also publishing interim reports, analyses and sets of recommendations in September 2014 for seven of the actions. On October 5, 2015, the OECD published final reports, analyses and sets of recommendations for all of the fifteen actions it identified as part of its Action Plan, which G20 finance ministers then endorsed during a meeting on October 8, 2015 in Lima, Peru (the “**Final Report**”). The Final Report was endorsed by G20 leaders during their annual summit on November 15-16 in Antalya, Turkey.

***Action 4***

In the Final Report relating to Action 4, the OECD recommends as a best practice that countries introduce a general limitation on tax deductions for net interest and economically equivalent payments under which, broadly speaking, a company would be denied those deductions to the extent they exceeded a particular percentage of the company's EBITDA ranging from 10 to 30 per cent. The OECD recommended that such rules apply, as a minimum, to all entities in a multinational group and, potentially, to members of domestic groups and standalone entities. However, the restriction recommended would only apply to tax deductions for net interest and economically equivalent payments and expenses incurred in connection with the raising of finance. As a result, since the Issuer will generally fund interest payments it makes under the Notes from payments to which it is entitled under the New VM Facilities Agreement, Shortfall Payments it receives under the New VM Facilities Agreement and amounts repaid on the Assigned Receivables (such that the Issuer pays limited or no net interest), the restriction may be of limited relevance to the Issuer even if Ireland chose to apply such a restriction to companies like the Issuer.

***Action 6***

The focus of one of the actions (Action 6) is the prevention of treaty abuse by developing model treaty provisions to prevent the granting of treaty benefits in inappropriate circumstances. The Final Report

recommends, as a minimum, that countries should include in their tax treaties: (i) an express statement that the common intention of each contracting state which is party to such treaties is to eliminate double taxation without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance; and one, or both, of (ii) a “limitation-on-benefits” (“**LOB**”) rule; and (iii) a “principal purposes test” (“**PPT**”) rule.

The PPT rule could deny a treaty benefit (such as a reduced rate of withholding tax) if it is reasonable to conclude, having regard to all facts and circumstances, that obtaining that benefit was one of the principal purposes of any arrangement or transaction that resulted directly or indirectly in that benefit, unless it is established that granting that benefit in those circumstances would be in accordance with the object and purpose of the relevant provisions of the treaty. It is unclear how a PPT, if adopted, would be applied by the tax authorities of those jurisdictions from which payments are made to the Issuer.

In contrast, the LOB rule has a more objective focus. More particularly, the OECD has included both a detailed and simplified version of the LOB rule in its Final Report relating to Action 6, albeit recommending in the related commentary to the LOB rule that the simplified version of the LOB rule should be included in a double tax treaty in combination with a PPT rule. The more detailed version of the LOB provision would limit the benefits of treaties, in the case of companies and in broad terms, to: (i) certain publicly listed companies and their affiliates; (ii) certain not-for-profit organizations and companies which carry on a pensions business; (iii) companies owned by a majority of persons who would be eligible for treaty benefits provided that the majority of the company’s gross income is not paid to a third country in a tax deductible form; (iv) companies engaged in the active conduct of a trade or business (other than of making or managing investments); (v) companies which were not established in a particular jurisdiction with a principal purpose of obtaining treaty benefits; and (vi) certain collective investment vehicles (“**CIVs**”). The simplified version of the LOB provision would limit these benefits to companies in similar but, generally speaking, less prescriptive circumstances. The ability to claim treaty benefits under (v) above, however, would be included in both versions, albeit that it would require a company to apply to the tax authorities of the other contracting state for the granting of that benefit. The LOB rule proposed in the Final Report is subject to further review and consideration following the finalization of a revised LOB rule proposed by the United States for inclusion into the United States’ model tax treaty.

In addition, whilst the Final Report makes provision for the inclusion of a CIV as a “qualified person” for the purposes of the LOB rule, the Final Report does not include specific provision for non-CIVs, such as the Issuer. In the Final Report, the OECD acknowledges the economic importance of non-CIV funds and the need to grant such vehicles treaty benefits where appropriate.

#### *Action 7*

The focus of Action 7 was to develop changes to the treaty definition of a permanent establishment and the scope of the exemption for an “agent of independent status” to prevent the artificial avoidance of having a permanent establishment in a particular jurisdiction. The Final Report on Action 7 sets out the changes that will be made to the definition of a “permanent establishment” in Article 5 of the OECD Model Convention and the OECD Model Commentary. Among other recommendations, the Final Report on Action 7 recommended two specific changes to the OECD Model Convention: (i) the expansion of the circumstances in which a “permanent establishment” is created to include the negotiation of contracts where certain conditions are satisfied; and (ii) narrowing the exemption for agents of independent status where contracts are concluded by an “independent agent” and that agent is connected to the foreign enterprise on behalf of which it is acting.

#### *Implementation of the recommendations in the Final Report*

The OECD Action Plan noted the need for a swift implementation of any measures which are finally decided upon and suggested that Actions 6 and 7, among others, could be implemented by way of multilateral instrument, rather than by way of negotiation and amendment of individual tax treaties. However, the Final Report on Action 6 acknowledges that the proposed changes will require a degree of negotiation between treaty jurisdictions and observes that there are various reasons as to why OECD member states may not implement the proposed amendments to the OECD Model Convention in an identical manner and/or to the same extent. More generally, it is still not clear whether, when, how and to what extent particular jurisdictions will decide to adopt any of the recommendations that the OECD has published in its Final Reports.

It also remains to be seen what specific changes will be made to the U.K./Ireland double tax treaty and any other double tax treaty on which the Issuer may rely. A change in the application or interpretation of these double tax treaties (as a result of the adoption of the recommendations of the Final Report or otherwise) might result in

the Issuer being treated as having a taxable permanent establishment outside of Ireland, in denying the Issuer the benefit of Ireland's network of double tax treaties or in other tax consequences for the Issuer. In each case, this could have a material adverse effect on the Issuer's business, tax and financial position.

### ***Proposed EU Anti-Tax Avoidance Directive***

As part of its anti-tax avoidance package the EU Commission published a draft Anti-Tax Avoidance Directive on January 28, 2016. The Economic and Financial Affairs Council formally adopted the anti-tax avoidance directive on June 21, 2016.

Amongst the measures contained in the proposed directive is an interest deductibility limitation rule similar to the recommendation contained in the BEPS Action 4 proposals.

The initial draft of the directive provides that interest costs in excess of the higher of (a) EUR 1,000,000 or (b) 30% of an entity's earnings before interest, tax, depreciation and amortisation will not be deductible in the year in which they are incurred but would remain available for carry forward.

However, similar to the BEPS recommendations the restriction on interest deductibility would only be in respect of the amount by which the borrowing costs exceed "interest revenues and other equivalent taxable revenues from financial assets". Accordingly, as the Issuer will generally fund interest payments it makes under the Notes from payments to which it is entitled under the New VM Facilities Agreement, Shortfall Payments it receives under the New VM Facilities Agreement and amounts repaid on the Assigned Receivables (such that the Issuer pays limited or no net interest), the restriction may be of limited relevance to the Issuer even if the directive was implemented in Ireland as originally published. There is also a carve out in the directive for financial undertakings, although as drafted the Issuer would not be treated as a financial undertaking.

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

***The Issuer is an unaffiliated special purpose financing company which will depend on payments in respect of the Assigned Receivables and under the Framework Assignment Agreement, the New VM Facilities Agreement and the Expenses Agreement to provide it with funds to meet its obligations under the Notes***

The Issuer has been formed as a special purpose financing company for the primary purpose of facilitating the offering of the Notes. The Issuer has no material business operations, no direct subsidiaries and no employees and, upon completion of the offering of the Notes, its only material assets will be the Assigned Receivables, the New VM Facilities Loans and rights (including its right to receive any Shortfall Payments) under the New VM Facilities Agreement and its rights under certain transaction documents (including the Expenses Agreement, the Issue Date Arrangements Agreement and the Framework Assignment Agreement). Furthermore, the Trust Deed governing the Notes prohibits the Issuer from engaging in any activities other than certain limited activities permitted under Condition 4 ("Covenants"). As such, the Issuer is wholly dependent on the payments it will receive in respect of the Assigned Receivables and under the Framework Assignment Agreement, the New VM Facilities Agreement and the Expenses Agreement as and when required to fund certain costs, expenses and liabilities of the Issuer and any payments of interest or principal on the Notes and, if applicable, any premiums on any redemption pursuant to the Trust Deed and the payment of any Additional Amounts required to be paid under the Notes. A failure by the New VM Facilities Borrower and/or any other Obligor to provide such funding, and by the Platform Provider in certain limited circumstances to make payments due to the Issuer, may negatively impact the ability of the Issuer to meet its obligations under the Transaction Documents or otherwise to third parties which may, in turn, whether directly or indirectly, negatively impact the ability of the Issuer to meet its obligations under the Notes.

### ***Limited recourse obligations***

The Notes are limited recourse obligations of the Issuer and, in an enforcement scenario, are payable solely from amounts received in respect of the Notes Collateral securing the Notes. Payments on the Notes both prior to and following enforcement of the security over the Notes Collateral are subordinated to the prior payment of certain fees and expenses of, or payable by, the Issuer. See Condition 3 ("Status, Priority and Security"). None of Virgin Media or its subsidiaries, the Administrator, the Noteholders, the Initial Purchasers, the Obligors, the Security Trustee, the Notes Trustee or any other Agent or any affiliates of any of the foregoing or the Issuer's affiliates or any other person or entity (other than the Issuer) will be obliged to make payments on the Notes.



Consequently, Noteholders must rely solely on distributions on the Notes Collateral securing the Notes for the payment of principal, discount, interest and premium, if any, thereon. There can be no assurance that the distributions on the Notes Collateral securing the Notes will be sufficient to make payments on the Notes after making payments on required amounts to other creditors ranking senior to or *pari passu* with the Notes pursuant to the Priorities of Payment. If distributions on the Notes Collateral are insufficient to make payments on the Notes, no other assets (and, in particular, no assets of the Administrator, the Noteholders, the Initial Purchasers, the Obligors, the Security Trustee, the Notes Trustee, any other Agent or any affiliates of any of the foregoing) will be available for payment of the deficiency and following realization of the Notes Collateral and the application of the proceeds thereof in accordance with the Priorities of Payment, the obligations of the Issuer to pay such deficiency shall be extinguished. Such shortfall will be borne (as amongst the Noteholders) in accordance with the Priorities of Payment.

Furthermore, none of Virgin Media nor any of its subsidiaries will guarantee or provide any credit support to the Issuer with respect to its obligations under the Notes. Other than under the limited circumstances described herein, Noteholders will not have a direct claim on the cash flow or assets of Virgin Media or any of its subsidiaries, and neither Virgin Media nor any of its subsidiaries has any obligation, contingent or otherwise, to pay amounts due under the Notes, or to make funds available to the Issuer for those payments, other than the obligations of (i) the Obligors to make payments to the Issuer in respect of the Assigned Receivables, (ii) the Obligors to make payments to the Issuer in respect of the New VM Facilities Agreement or (iii) VMIH to make payments to the Issuer under the Expenses Agreement, and in each case of (i) to (iii) above, the agreements related thereto to which it is party.

Additionally, except for the specific interests of the Issuer in respect of the Assigned Receivables (including as under the Framework Assignment Agreement), as under the New VM Facilities Agreement, the Expenses Agreement and the Issue Date Arrangements Agreement, or as otherwise expressly provided in the terms of the Trust Deed, no proprietary or other direct interest in the Issuer's rights under or in respect of the New VM Facilities Agreement, the Expenses Agreement or the Issue Date Arrangements Agreement exists for the benefit of the Noteholders. Further, subject to the terms of the Trust Deed, no Noteholder can enforce any provision of the New VM Facilities Agreement (or any other item of Notes Collateral) or have direct recourse to the New VM Facilities Borrower (or any other Virgin Media entity) except through an action by the Security Trustee pursuant to the rights granted to the Security Trustee under the Trust Deed. Under the Trust Deed, the Security Trustee shall not be required to take proceedings to enforce payment under the New VM Facilities Agreement (or any other item of Notes Collateral) unless it has been indemnified and/or secured to its satisfaction. In addition, neither the Issuer, the Notes Trustee nor the Security Trustee is required to monitor the New VM Facilities Borrower's (or any other Obligor's) financial performance.

In addition, at any time while the Notes are outstanding, none of the Noteholders, the Security Trustee nor any other Secured Party (nor any other person acting on behalf of any of them) shall be entitled at any time to institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, reorganization, arrangement, insolvency, examinership, winding up or liquidation proceedings or other proceedings under any applicable bankruptcy or similar law in connection with any obligations of the Issuer relating to the Notes, the Trust Deed or otherwise owed to the Noteholders, save for lodging a claim in the liquidation of the Issuer which is initiated by another party (which is not an affiliate of such party) or taking proceedings to obtain a declaration as to the obligations of the Issuer nor shall any of them have a claim arising in respect of the Irish Excluded Assets.

#### ***The Notes may be redeemed prior to the Maturity Date***

The Notes may be redeemed prior to the Maturity Date, subject to the satisfaction of certain conditions (as described in the relevant provisions of Condition 6 ("*Redemption, Purchase and Cancellation; Approved Exchange Offer*") and "*Summary of the Notes*"). In the event of an early redemption or in connection with an Approved Exchange Offer, the Noteholders will be repaid prior to the Maturity Date.

The Issuer will redeem the Notes in whole, but not in part, upon voluntary prepayment of all the New VM Facilities Loans by the New VM Facilities Borrower, as described in "*Summary of the Notes—Early Redemption: Tax Event*", "*Summary of the Notes—Early Make-Whole Redemption Event*", "*Summary of the Notes—Early Redemption Event on or after September 15, 2019*", and Condition 6 ("*Redemption, Purchase and Cancellation; Approved Exchange Offer*"), and at the redemption prices described in the foregoing sections and Conditions. The Issuer will also redeem the Notes in whole, but not in part, at their principal amount together with interest and other amounts (if any) accrued to the redemption date, if at any time it becomes unlawful in any applicable



jurisdiction for the Issuer to be a lender or to perform any of its obligations under the New VM Facilities Agreement, as described in “*Summary of the Notes—Early Redemption: Illegality*” and the relevant provisions of Condition 6 (“*Redemption, Purchase and Cancellation; Approved Exchange Offer*”).

Additionally, following a Change of Control (as defined under the New VM Facilities Agreement), the New VM Facilities Borrower will be required to offer to prepay the New VM Facilities Loans (as defined herein). Following receipt of such prepayment offer, the Issuer will launch a consent solicitation to set (i) the Maturity Date of the Notes as the New Maturity Date (as defined herein) and (ii) the redemption price of the Notes on the New Maturity Date at 101% of the principal amount of the Notes (“**Accelerated Redemption Price**”), plus accrued and unpaid interest to the New Maturity Date, in accordance with the relevant provisions of Condition 6 (“*Redemption, Purchase and Cancellation; Approved Exchange Offer*”). If Noteholders of more than 50% of the aggregate principal amount of Notes consent to the foregoing requests (“**Accelerated Maturity Event**”), the Issuer will inform the New VM Facilities Borrower that it accepts the prepayment offer, and the New VM Facilities Borrower will prepay the New VM Facilities Loans at par, plus accrued and unpaid interest thereon, together with a payment equal to 1% of the principal amount of the Excess Cash Loans and Interest Facility Loans so prepaid. Following such prepayment, the Issuer will redeem all of the Notes on the New Maturity Date at the Accelerated Redemption Price, plus accrued and unpaid interest to the New Maturity Date. The Change of Control offer under the New VM Facilities Agreement differs from the change of control offer required under the indentures of each tranche of the Existing Senior Secured Notes and the Existing Senior Notes, whereby we will be required to offer to repurchase all outstanding 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.

Further, the Notes may be redeemed prior to the Maturity Date in connection with an Approved Exchange Offer (as defined herein). See Conditions 6(j) and 6(k) (“*Redemption, Purchase and Cancellation; Approved Exchange Offer—Approved Exchange Offer*”).

***VMIH may not have the ability to raise funds necessary to finance required prepayments of the New VM Facilities in the event of a change of control thereunder***

Upon the occurrence of a Change of Control (as defined in the New VM Facilities Agreement), the New VM Facilities Borrower is required to offer to prepay the New VM Facilities Loans. If, following an Accelerated Maturity Event under the Notes, the Issuer accepts the prepayment offer, the New VM Facilities Borrower will be required to prepay the New VM Facilities (including all the New VM Facilities Loans) and to make a payment equal to 1% of the Excess Cash Loans and Interest Facility Loans so prepaid. The ability of the New VM Facilities Borrower to prepay the New VM Facilities Loans upon such accepted prepayment offer would be limited by its access to funds at the time of the prepayment and the terms of its other debt agreements, which agreements could restrict or prohibit such a prepayment. Upon a Change of Control, the New VM Facilities Borrower may be required to immediately repay the outstanding principal, any accrued interest on and any other amounts owed by it under one or more of its other bank facilities. The source of funds for these repayments would be its available cash or cash generated from other sources. However, there can be no assurance that the New VM Facilities Borrower will have sufficient funds available upon a Change of Control to make these repayments. If the New VM Facilities Borrower is not able to make the required prepayment of the New VM Facilities (including the New VM Facilities Loans), the Issuer will not be able to redeem the Notes at the New Maturity Date.

***Notes Collateral***

The Notes will be secured by: (i) a first fixed charge over the Issuer’s rights, title, benefit and interest in, to and under the Assigned Receivables; (ii) an assignment by way of security over the Issuer’s rights under all contracts, agreements, deeds and documents to which it is or may become a party or in respect of which it has or may have any right, title, benefit or interest (including, without limitation, the New VM Facilities Agreement, the Expenses Agreement, the Framework Assignment Agreement and the Issue Date Arrangements Agreement); (iii) a first fixed charge over the Issuer’s rights to all amounts at any time standing to the credit of the Issuer Transaction Accounts; and (iv) a first floating charge over all of the present and future property, assets and undertakings of the Issuer not subject to the fixed charges or assignments by way of security described above, but excluding, for the purposes of (i) to (iv), the Irish Excluded Assets.

*Fixed security:* Although the security constituted by the Notes Security Documents over the Notes Collateral held from time to time, including the security over the Issuer Transaction Accounts, is expressed to take effect as a fixed charge, it may (as a result of, among other things, the substitutions of Assigned Receivables contemplated by the Framework Assignment Agreement and the payments to be made from the Issuer Transaction Accounts in

accordance with the Conditions and the Trust Deed) take effect as a floating charge which, in particular, would rank after a subsequently created fixed charge. However, the Issuer has covenanted in the Trust Deed and the Conditions not to create any such subsequent security interests (other than those permitted under the Trust Deed) without the consent of the Notes Trustee.

***Your rights in the Notes Collateral may be adversely affected by the failure to perfect security interests in Notes Collateral***

Applicable law requires that a security interest in certain assets can only be properly perfected and its priority retained through certain actions undertaken by the secured party. The liens in the Notes Collateral securing the Notes may not be perfected with respect to the claims of the Security Trustee on behalf of the Secured Parties, including the Noteholders, if the actions necessary to perfect any of these liens on or prior to the date of the Notes Security Documents are not taken. For example, applicable law may require that certain property and rights acquired after the grant of a general security interest, such as real property, equipment subject to a certificate and certain proceeds, can only be perfected at the time such property and rights are acquired and identified. The Issuer has limited obligations to perfect the Security Trustee's security interest in the specified Notes Collateral. None of the Security Trustee or the other Secured Parties, including the Notes Trustee, will monitor, and there can be no assurance that the Issuer will inform the Security Trustee or Notes Trustee of the future acquisition of property and rights that constitute Notes Collateral, and that the necessary action will be taken to properly perfect the security interest in such after-acquired Notes Collateral. Neither the Notes Trustee nor the Security Trustee has any obligation to monitor the acquisition of additional property or rights that constitute Notes Collateral or the perfection of any security interest. Such failure may result in the loss of the security interest in the Notes Collateral or the priority of the security interest in favor of the Security Trustee on behalf of the Secured Parties against third parties.

***Your ability to recover under the Notes Collateral may be limited***

The Noteholders will benefit from security interests in the Notes Collateral.

The Notes Collateral securing the Notes will be subject to any and all exceptions, defects, encumbrances, liens and other imperfections as may be accepted by any other creditors that also have the benefit of first liens on the Notes Collateral securing the Notes from time to time, whether on or after the date the Notes are issued. Neither the Initial Purchasers nor the Security Trustee have either analyzed the effect of, or participated in any negotiations relating to, such exceptions, defects, encumbrances, liens and other imperfections. The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the Notes Collateral securing the Notes as well as the ability of the Security Trustee to realize or foreclose on such Notes Collateral.

The security interest of the Security Trustee will be subject to practical problems generally associated with the realization of security interests in Notes Collateral. For example, the Security Trustee may need to obtain the consent of a third party to obtain or enforce a security interest in a contract. The Issuer cannot assure you that the Security Trustee will be able to obtain any such consent. It also cannot assure you that the consents of any third parties will be given when required to facilitate a foreclosure on such assets. Accordingly, the Security Trustee may not have the ability to foreclose upon those assets and the value of the Notes Collateral may significantly decrease.

***The Notes Collateral may be limited by applicable laws or subject to certain limitations or defences that may adversely affect their validity and enforceability***

The Notes or the Notes Collateral may be subject to claims that they should be limited or subordinated under Irish, English or other applicable law.

The grant of the Notes Collateral in favor of the Security Trustee may also be voidable by the grantor or by an insolvency trustee, liquidator, examiner, receiver or administrator or by other creditors, or may be otherwise set aside by a court, if certain events or circumstances exist or occur, including, among others, if the grantor is deemed to be insolvent at the time of the grant, or if the grant permits the Secured Parties to receive a greater recovery than if the grant had not been given and insolvency proceedings in respect of the grantor are commenced within a legally specified "clawback" period following the grant. Accordingly, enforcement of any Notes Collateral would be subject to certain defences available to the grantor thereof generally or, in some cases, to limitations contained in the Trust Deed or Notes Security Documents designed to ensure compliance with capital maintenance rules and other statutory requirements applicable to the relevant grantor. As a result, a grantor's liability under its Notes Collateral could be materially reduced or eliminated.

In addition, the granting of new security interests in connection with the issuance of the Notes may trigger hardening periods for such security interests. The applicable hardening period for these new security interests will run from the moment each new security interest has been granted or perfected. At each time, if the security interest recreated or granted were to be enforced and a petition for the commencement of insolvency proceedings were to be filed before the end of the respective hardening period applicable in such jurisdiction, it may be declared void or ineffective or it may not be possible to enforce it.

It is possible that the grantor of the Notes Collateral or a creditor thereof, or the insolvency administrator in the case of the insolvency of a grantor of Notes Collateral, may contest the validity and enforceability of the Notes Collateral on any of the above grounds and that the applicable court may determine that the Notes Collateral should be limited or voided. To the extent that agreed limitations on the obligations secured by the Notes Collateral apply, the Notes would be to that extent effectively subordinated to that extent to all liabilities of the grantor of the Notes Collateral, including trade payables of such grantor of Notes Collateral. Future Notes Collateral to be granted may be subject to similar limitations.

***The various insolvency and administrative laws of England and Wales and Ireland to which the New VM Facilities Borrower, the other Obligors and the Issuer, as applicable, are subject may not be favorable to creditors, including the Issuer as lender under the New VM Facilities Loans and assignee under the Assigned Receivables and the Noteholders, as the case may be, and may limit the Issuer's ability to enforce its rights under the New VM Facilities Loans and the Assigned Receivables and your ability to enforce your rights under the Notes, as the case may be***

The New VM Facilities Borrower, VML, Virgin Mobile Telecoms Limited and Virgin Media Senior Investments Limited are incorporated under the laws of England and Wales. The Issuer is incorporated under the laws of Ireland. Accordingly, insolvency proceedings with respect to any of those entities would be likely to proceed under, and be governed by, English and Irish insolvency law, respectively. English and Irish insolvency law may not be as favorable to creditors as the laws of the United States or other jurisdictions with which investors are familiar. The following discussion of insolvency law, although an overview, describes generally applicable terms and principles, which are defined under the relevant jurisdictions' insolvency statutes. For a description of the Irish insolvency and administrative regimes to which the Issuer is subject and the risks relating thereto, see "*Risk Factors—Irish Law*" below.

In an insolvency proceeding, it is possible that creditors of the Obligors, or appointed insolvency administrator, may challenge certain intercompany obligations 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 such Obligor's obligations under (a) the joint and several payment undertaking provided by such Obligor pursuant to the Accounts Payable Management Services Agreement, and/or (b) the guarantee provided by such Obligor under the New VM Facilities Agreement, or take other action that is detrimental to Noteholders.

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.

Lastly, 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. Noteholders cannot be assured that in the event of insolvency the obligations of the Obligors under the Transaction Documents to which they are party would not be challenged by a liquidator or administrator or that a court would support our analysis that such obligations were undertaken in good faith for the purposes described above.

#### ***Amendments, waivers, Noteholder resolutions and instructions***

The Conditions and the Trust Deed contain detailed provisions governing modification of the Conditions and the Transaction Documents and the convening of meetings and passing of resolutions by the Noteholders. Certain key risks relating to these provisions are summarised below.

Decisions may be taken by Noteholders by way of Extraordinary Resolutions, which can be effected either at a duly convened meeting of the Noteholders (a “**Meeting**”) or by a resolution in writing signed by or on behalf of all of the Noteholders. Meetings of the Noteholders may be convened by the Issuer, the Notes Trustee or by one or more Noteholders holding not less than 10 per cent. of the aggregate principal amount of the Notes then outstanding, subject to certain conditions (including minimum notice periods). In addition, at any time after a Note Acceleration Notice (as defined in Condition 1 (“*Definitions and Principles of Construction—General Interpretation*”)) has been given to the Issuer, the Noteholders by an Extraordinary Resolution may instruct the Notes Trustee in writing to instruct the Security Trustee to give an Enforcement Notice (as defined in Condition 1 (“*Definitions and Principles of Construction—General Interpretation*”)) to the Issuer, as set out in Condition 11 (“*Enforcement*”).

Any modification of certain terms, including, among other things (other than in connection with an Accelerated Maturity Event), the date of maturity of the Notes or a modification which would have the effect of postponing any date for payment of interest on the Notes, the reduction or cancellation of the amount of principal payable in respect of the Notes, the alteration of the rate of interest applicable in respect of the Notes, the alteration of the quorum or majority required to pass an Extraordinary Resolution, the alteration of currency of payment of the Notes, alteration of the manner of redemption of the Notes, any material modification to the Notes Collateral, any material modification to the certain items in the Priorities of Payment (as more fully described in Condition 1 (“*Definitions and Principles of Construction—General Interpretation*”), a “**Basic Terms Modification**”) must be approved by an Extraordinary Resolution (in respect of a Basic Terms Modification) of the Noteholders.

Other than a Basic Terms Modification, a modification in connection with an Accelerated Maturity Event, or a modification which expressly does not require Noteholders’ approval, any other modification must be approved by an Extraordinary Resolution (in respect of matters other than a Basic Terms Modification) of the Noteholders.

The quorum at any Meeting for passing an Extraordinary Resolution in respect of any matter other than a Basic Terms Modification will be two or more persons bearing a voting certificate, form of proxy or other eligible instrument (as further described in Condition 13(d) (“*Meeting of Noteholders—Quorum*”), a “**Voter**”), in each case representing in aggregate more than 50 per cent. of the aggregate principal amount of the Notes then outstanding. The quorum at any Meeting for passing an Extraordinary Resolution in respect of a Basic Terms Modification will be two or more Voters representing in aggregate at least 75 per cent. of the aggregate principal amount of the Notes then outstanding. In addition, if a quorum is not satisfied at any meeting, lower quorum thresholds will apply at any meeting previously adjourned for want of quorum, as set out in Condition 13(d) (“*Meeting of Noteholders—Quorum*”).

Any such Extraordinary Resolution may be adverse to any group of Noteholders or individual Noteholders. It should also be noted that amendments may still be effected and waivers may still be granted in respect of such provisions in circumstances where not all Noteholders agree with the terms thereof and any amendments or waivers once passed in accordance with the provisions of the Conditions and the Trust Deed will be binding on all such dissenting Noteholders.

The consent of Noteholders of at least 50% of the aggregate principal amount outstanding will be required to approve an Accelerated Maturity Event. However, the consent of the Noteholders in respect of an Accelerated Maturity Event will be validly given if made in accordance with the terms of the Maturity Consent Solicitation (as defined in Condition 6(f) (“*Redemption, Purchase and Cancellation; Approved Exchange Offer—Accelerated Maturity Event*”)), and need not comply with Schedule D (“*Provisions for Meetings of the Noteholders*”) of the Trust Deed or any other provisions of the Trust Deed or the Conditions relating to an Extraordinary Resolution.

Additionally, certain amendments, modifications and waivers may be made without the consent of Noteholders, including amendments, among other things, which are (in the Issuer’s determination) not materially prejudicial to the interests of the Noteholders, to (in the Issuer’s determination) correct a manifest error, to give effect to Permitted Encumbrances (as defined in Condition 1 (“*Definitions and Principles of Construction—General Interpretation*”)), and to give effect, or as otherwise reasonably required to allow for, the Transactions (including to give effect to an SCF Platform Addition or SCF Platform Replacement). Such amendments or modifications could be adverse to certain Noteholders.

Subject to the satisfaction of certain conditions precedent (including receipt of an officer’s certificate and opinion of counsel furnished by the Issuer pursuant to the Trust Deed), the Notes Trustee or the Security Trustee,



as applicable, shall be obliged to concur (without exercising its own discretion in respect of any such amendments or modification) with the Issuer in making any such amendments or modifications as described above; *provided that* the Notes Trustee and/or the Security Trustee, as applicable, shall not be obliged to agree to any modification which adversely affects its rights, duties, liabilities or immunities, or which, among other things, would have the effect of breaching any duty at law or any of its fiduciary duties or would expose it to any liability against which it has not been indemnified and/or secured to its satisfaction. While the Conditions and the Trust Deed contain detailed provisions governing modification of the Conditions, the Trust Deed, and the other Transaction Documents (including as described above), the consent of the Notes Trustee or Security Trustee, as applicable, may not be required for certain modifications of the other Transaction Documents (including modifications of other Transaction Documents to which the Notes Trustee or Security Trustee, as applicable, is not party or where the amendment provisions thereunder do not require the written consent of the Notes Trustee or Security Trustee, as applicable).

***Reports provided by the Administrator will not be audited***

The reports made available to Noteholders will be prepared by the Administrator, on behalf of the Issuer, in consultation with and based on certain information provided to it by the Obligors' Parent. Information in the reports will not be audited nor will reports include a review or opinion by a public accounting firm, other than as described under "*Summary of Principal Documents—New VM Facilities Agreement—Summary of New VM Facilities Agreement—Reporting Undertakings*".

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

The Issuer is incorporated under the laws of Ireland and does not have any assets in the United States. It is anticipated that some or all of the directors and officers of the Issuer will be non-residents of the United States and that all or a majority of their assets will be located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuer or its respective directors and officers, or to enforce any judgments obtained in U.S. courts predicated upon civil liability provisions of the U.S. securities laws. In addition, the Issuer cannot assure you that civil liabilities predicated upon the federal securities laws of the United States will be enforceable in Ireland. See "*Listing and General Information—Enforceability of Judgments*".

***Failure of a Court to enforce non-petition obligations will adversely affect Noteholders***

Each Noteholder will agree, and each beneficial owner of Notes will be deemed to agree, pursuant to the Trust Deed, that it will be subject to non-petition covenants. If such provision failed to be enforceable under applicable bankruptcy laws, then the filing or presentation of such a petition could result in one or more payments on the Notes made during the period prior to such filing being deemed to be preferential transfers subject to avoidance by the bankruptcy trustee or similar official exercising authority with respect to the Issuer's bankruptcy estate. It could also result in the bankruptcy court, trustee or receiver liquidating the assets of the Issuer without regard to any votes or directions required for such liquidation pursuant to the Trust Deed and could result in any payments under the Notes made during the period prior to such presentation being deemed to be a fraudulent or improper disposition of the Issuer's assets.

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

The Notes will be denominated and payable in pounds sterling. If you measure your investment returns by reference to a currency other than pounds sterling, an investment in the Notes entails foreign exchange related risks due to, among other factors, possible significant changes in the value of 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 (including the recent vote by the United Kingdom to exit the European Union, as described elsewhere in this Offering Circular). Depreciation of 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 currency gains or losses from any investment in the Notes.

***Limited liquidity and restrictions on transfer (including pursuant to U.S. securities laws)***

There is currently no pre-existing market for the Notes. The Initial Purchasers may make a market for the Notes, but are not obliged to do so, and any such market-making may be discontinued at any time without notice. There can be no assurance that any secondary market for any of the Notes will develop or, if a secondary market does develop, that it will provide the Noteholders with liquidity of investment or that it will continue for the life of such Notes. Consequently, a purchaser must be prepared to hold such Notes for an indefinite period of time or until the Maturity Date. Where a market does exist, to the extent that an investor wants to sell Notes, the price may, or may not, be at a discount from the outstanding principal amount thereof. In addition, no sale, assignment,



participation, pledge or transfer of the Notes may be effected if, among other things, it would require any of the Issuer or any of their officers or directors to register under, or otherwise be subject to the provisions of, the Investment Company Act or any other similar legislation or regulatory action. Furthermore, the Notes will not be registered under the Securities Act or any U.S. state securities laws, and the Issuer has no plans, and is under no obligation, to register the Notes under the Securities Act. Therefore, the Notes may be transferred or resold only in transactions registered under, exempt from or not subject to the registration requirements of the U.S. Securities Act and all applicable state securities laws. The Notes are subject to certain transfer restrictions and can be transferred only to certain transferees. See “*Plan of Distribution*” and “*Transfer Restrictions*” sections of this Offering Circular. It is your obligation to ensure that your offers and sales of Notes comply with applicable law. Such restrictions on the transfer of the Notes may further limit their liquidity.

***The Notes will 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 Notes in definitive registered form, or definitive registered notes, are issued in exchange for book-entry interests, owners of book-entry interests will not be considered owners or Noteholders. The common depository for Euroclear or Clearstream (or its nominee) will be the sole holder of the global notes representing the Notes. After payment to the common depository or the nominee (as the case may be), the Issuer will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest, you must rely on the procedures of Euroclear or Clearstream, as applicable, and if you are not a participant in Euroclear or Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights of a Noteholder, under the Trust Deed. See “*Book-Entry Clearance Procedures*” and “*Form of the Notes*”.

Unlike the Noteholders themselves, owners of book-entry interests will not have the direct right to act upon the Issuer’s solicitations for consents, requests for waivers or other actions from Noteholders. 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 Euroclear or Clearstream. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any request actions on a timely basis.

Similarly, upon the occurrence of an event of default under the Trust Deed, unless and until definitive registered notes are issued in respect of all book-entry interests, if you own a book-entry interest, you will be restricted to acting through Euroclear or Clearstream. The Issuer cannot assure you that the procedures to be implemented through Euroclear or Clearstream will be adequate to ensure the timely exercise of rights under the Notes. See “*Book-Entry Clearance Procedures*” and “*Form of the Notes*”.

***Withholding tax on the Notes***

Although no withholding tax is currently imposed on payments of interest on the Notes (provided the Notes remain listed on a recognised stock exchange and held in a recognized clearing system for the purposes of section 64 of TCA 1997), there can be no assurance that the law will not change. In the event that any withholding tax or deduction for tax is imposed on payments of interest on the Notes by certain relevant jurisdictions, subject to certain exceptions, the Issuer will pay Additional Amounts so that the net amount a Noteholder receives is no less than that which such Noteholder would have received in the absence of such withholding or deduction. See Condition 9 (“*Taxation*”).

Subject to certain conditions (including, among other things, that any and all Assigned Receivables are repaid by the Obligors or assigned (or agreed to be assigned) by the Issuer to another person, prior to the date of redemption, and that all amounts lent to the New VM Facilities Borrower under the New VM Facilities Agreement are repaid to the Issuer prior to the date of redemption), as further described in Condition 6(b) (“*Redemption, Purchase and Cancellation; Approved Exchange Offer—Early Redemption: Tax Event*”), the Issuer will, upon giving notice to the New VM Facilities Borrower that a Tax Event (as defined in Condition 1 (“*Definitions and Principles of Construction—General Interpretation*”)) which cannot be cured has occurred or will occur, and in the event that all amounts lent to the New VM Facilities Borrower under the New VM Facilities Agreement are then voluntarily prepaid by the New VM Facilities Borrower pursuant to Clause 7.2(a) (“*Voluntary Prepayment*”) of the New VM Facilities Agreement, redeem the Notes in whole, but not in part. If the Issuer exercises such redemption right, it must pay the Noteholders a price equal to the principal amount of the Notes plus interest and other amounts (including any Additional Amounts), if any, to the date of redemption. See Condition 6(b) (“*Redemption, Purchase and Cancellation; Approved Exchange Offer—Early Redemption: Tax Event*”).

***There may not be an active trading market for the Notes in which case your ability to sell such notes will be limited.***

Following the issuance of the Notes, application will be made to the Irish Stock Exchange for the Notes to be admitted to listing on the Official List of the Irish Stock and trading on the Global Exchange Market. There may be no active trading market for the Notes.

Furthermore, Issuer cannot assure you as to:

- the liquidity of any market for the Notes;
- your ability to sell your Notes; or
- the prices at which you would be able to sell your Notes.

Future trading prices of the Notes will depend on many factors, including, among other things, prevailing interest rates, our operating results and the market for similar securities. The liquidity of a trading market for the Notes may be adversely affected by a general decline in the market for similar securities and is subject to disruptions that may cause volatility in prices. It is possible that the market for the Notes will be subject to disruptions. Any such disruption may have a negative effect on you, as a Noteholder, regardless of our prospects and financial performance. As a result, there may not be an active trading market for the Notes. If no active trading market develops, you may not be able to resell your Notes at a fair value, if at all.

Additionally, although the Issuer will agree to use its reasonable efforts to have the Notes listed on the Official list of the Irish Stock Exchange and traded on the Global Exchange Market following the Issue Date, and to maintain such listing as long as the Notes are outstanding, the Issuer cannot assure you that the Notes will become, or remain listed. If the Issuer can no longer maintain the listing on the Official List of the Irish Stock Exchange and admission to trading on the Global Exchange Market, or it becomes unduly burdensome to make or maintain such listing, the Issuer may cease to make or maintain such listing on the Official List of the Irish Stock Exchange; *provided that* the Issuer will use its reasonable efforts to obtain and maintain the listing of the Notes on another recognized listing exchange for notes issuers (which may be a stock exchange that is not regulated by the European Union). Notwithstanding the foregoing or any other provision of the Trust Deed or the Conditions to the contrary, the Issuer may, at its sole option at any time, without the consent of the Noteholders or the Notes Trustee, de-list the Notes from any stock exchange, for the purposes of moving the listing of such Notes to the Official List of The Channel Islands Securities Exchange Authority Limited.

Although no assurance is made as to the liquidity of the Notes as a result of listing on the Official List of the Irish Stock Exchange or another recognized listing exchange for notes issuers, failure to be approved for listing or the de-listing of the Notes from the Official List of the Irish Stock Exchange or another listing exchange may have a material adverse effect on a Noteholder's ability to resell Notes in the secondary market.

#### ***U.S. tax risks***

##### ***A Note may be treated as issued with original issue discount for U.S. federal income tax purposes***

A Note 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. Holders (as defined in "*Taxation—U.S. Federal Income Tax Considerations*") 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 "qualified stated interest"). See "*Taxation—U.S. Federal Income Tax Considerations*".

##### ***The Notes could be treated as equity for U.S. federal income tax purposes, and in such case U.S. Holders may be subject to adverse tax consequences***

The Issuer expects the Notes to be treated as debt and not as equity for U.S. federal income tax purposes; however no assurances can be given that the Issuer's position will not be successfully challenged by the U.S. Internal Revenue Service. If the Notes are treated as equity in the Issuer for U.S. federal income tax purposes, U.S. Holders would likely be subject to adverse tax consequences, including those under the passive foreign investment company ("PFIC") rules pursuant to which (i) all or a portion of any gain on a disposition of the Notes would be treated as ordinary income rather than capital gain, (ii) a deferred interest charge would apply to such gain and on certain distributions, which may include certain payments of stated interest, on the Notes and (iii) a U.S. Holder would be required to comply with certain reporting requirements.

For further discussion of the adverse U.S. federal income tax consequences if the Issuer is classified as a PFIC and the Notes are treated as equity, see “*Taxation—U.S. Federal Income Tax Considerations*”

#### ***ERISA and other 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 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 ERISA Considerations*”) or an employee benefit plan (as defined in Section 3(3) of ERISA) which is subject to any Similar Laws (as defined under “*Certain ERISA 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 employee benefit plan. See “*Certain ERISA Considerations*” herein for more details.

#### ***Not a bank deposit***

Any investment in the Notes does not have the status of a bank deposit in Ireland and is not within the scope of the deposit protection scheme operated by the Central Bank of Ireland. The Issuer is not regulated by the Central Bank of Ireland by virtue of the issuance of the Notes. In addition, the Notes do not represent interests in or obligations of any person or entity other than the Issuer and are not insured or guaranteed by any person or entity or any governmental or private insurer.

#### **Risks Relating to the Receivables and the SCF Platform**

##### ***Receivables—payment, deduction and set-off risk***

The principal risk associated with the Assigned Receivables is the risk of payment default by the Obligor. A payment default could delay the return of principal in respect of the Notes beyond the Maturity Date and/or impair the amount of such return.

In order to constitute a VM Account Receivable, a Receivable must arise under an agreement pursuant to which the relevant Obligor has agreed not to assert any right of set-off, counterclaim or deduction save those that have been specified in a Credit Note allocated to the Payment Obligation in respect of such Receivable (though Credit Notes may not be allocated to any Payment Obligation following transfer of such Payment Obligation through the SCF Platform). Depending on the jurisdiction of the relevant Obligor or the Platform Provider, such exclusion might not be effective in a liquidation or administration of such Obligor or the Platform Provider and mandatory set-off might be required. Furthermore, VM Accounts Receivable are purchased by the Issuer at a price calculated after taking full account of any amounts specified in any Credit Note (if any) allocated to the relevant Payment Obligation. In addition, the Platform Provider has also agreed to make and calculate all payments to the Issuer without (and free and clear of any deduction for) set-off or counterclaim, unless specifically provided for under the Framework Assignment Agreement.

##### ***Reliance on representations and warranties***

The Issuer will purchase VM Accounts Receivable from the Platform Provider in reliance on representations and warranties of the Obligor’s Parent and the Platform Provider in the Framework Assignment Agreement. The Issuer will not carry out any independent investigation of the VM Accounts Receivable to be purchased. The rights of the Issuer under these representations and warranties are charged in favor of the Security Trustee under the Trust Deed.

##### ***The transfer of VM Accounts Receivable under the Framework Assignment Agreement takes place only under equity until an Obligor Enforcement Notification is given to the Obligor***

Pursuant to the terms of the Framework Assignment Agreement and notwithstanding that the Obligor’s Parent gives certain representations relating to the VM Accounts Receivable pursuant to the terms of the Framework Assignment Agreement, the Issuer may not serve (or cause or permit to be served) an Obligor Enforcement Notification prior to the occurrence of (i) a failure by the relevant Obligor to pay any Payment Obligation in full to the Platform Provider on the date such payment was due (taking into account any applicable grace period under the APMSA), (ii) a specified insolvency event in respect of any Obligor, (iii) a breach of the representations and warranties of the Obligor’s Parent with respect to the eligibility of the VM Accounts

Receivable, which is not capable of remedy (or if such breach is capable of remedy, is not remedied within five Business Days of notice) (each such event in (i) to (iii), a “**Buyer Event of Default**”), or (iv) a specified insolvency event in respect of the Platform Provider. Accordingly, on each Assignment Date (as defined in “*General Description of Virgin Media’s Business, the Issuer and the Offering—Overview of the Structure of the Offering of the Notes*”), an assignment by the Platform Provider to the Issuer of a VM Account Receivable pursuant to the Framework Assignment Agreement will take place by way of an equitable assignment.

Under the terms of the Framework Assignment Agreement (see “*Summary of Principal Documents—Framework Assignment Agreement*” below for a summary of the principal terms of the Framework Assignment Agreement), the Platform Provider will represent and warrant, immediately prior to each Assignment Date, *inter alia*, that it is entitled to assign the relevant Payment Obligations pursuant to the terms of the Framework Assignment Agreement, and that it has not assigned, transferred or otherwise disposed of, or created any encumbrance or security interest over, such VM Accounts Receivable. Furthermore, the Obligor’s Parent will also represent and warrant, pursuant to the terms of the Framework Assignment Agreement and on each Assignment Date, *inter alia*, that the VM Accounts Receivable are capable of being freely and validly transferred in the manner provided by the Framework Assignment Agreement so that on purchase the Issuer will receive good title, and that the VM Accounts Receivable are due and payable in full without any right of set-off, counterclaim or deduction in favor of the Obligor.

Notwithstanding the representations and warranties provided by the Obligor’s Parent and the Platform Provider, until an Obligor Enforcement Notification is given to the Obligor and the assignment is otherwise elevated to a full legal assignment in accordance with the terms of the Framework Assignment Agreement, the Issuer would not take priority over any interest of a later encumbrancer or transferee of the legal title to the Platform Provider’s rights who had no notice of the transfer to the Issuer. This may materially and adversely affect the Issuer’s ability to make payments under the Notes.

***Commingling of amounts due to the Issuer in the SCF Bank Account may delay or reduce payments on the Notes***

Until an Obligor Enforcement Notification is given to the Obligor, each Obligor will discharge its payment obligations under the Assigned Receivables by making payment to the Platform Provider’s SCF Bank Account.

The APMSA provides that the uploading of an Electronic Data File containing details of a Receivable onto the SCF Platform, and the designation of such uploaded Receivable as “approved” by an Obligor (which, as used in this paragraph only, includes reference to the Obligor’s Parent, the eligible Subsidiary Obligor and/or the Excluded Buyer, as the context may require), will initially give rise to a Parent Payment Obligation, an independent and primary obligation by VMIH to make payment or cause payment to be made to the relevant recipient on the Confirmed Payment Date in respect of such Receivable. Upon each sale and assignment of a Parent Payment Obligation and the related Receivable from the Supplier to the Platform Provider through the SCF Platform, a Payment Obligation will arise whereby each Obligor will become jointly and severally liable with each other Obligor to make payment or cause payment to be made to the relevant recipient on the Confirmed Payment Date in respect of such Receivable. Although the Excluded Buyer is historically a “Buyer Entity” (and therefore an Obligor) under the APMSA, it will not be an eligible Obligor under the Framework Assignment Agreement on and following the Issue Date, and therefore, none of the Assigned Receivables will be owed by it. Prior to the service of an Obligor Enforcement Notification, such payments will be made by the Obligor to the Platform Provider’s SCF Bank Account to satisfy the Payment Obligation comprising an Assigned Receivable on the relevant Confirmed Payment Date; the Obligor will also make payments to the SCF Bank Account to satisfy Payment Obligations owing to other Relevant Recipients (who are not the Issuer) participating in the SCF Platform. In turn, the Platform Provider will act as collection agent for the Issuer pursuant to the terms of the Framework Assignment Agreement, and has agreed to pay each amount received in respect of an Assigned Receivable into the relevant Issuer Transaction Account (although the Platform Provider may validly retain and reinvest certain amounts on the Issuer’s behalf; see “*General Description of Virgin Media’s Business, the Issuer and the Offering—Overview of the Structure of the Offering of the Notes*”) and to notify the Issuer as soon as reasonably practicable if all or any part of an Assigned Receivable is not paid in full on the date such payment was due (taking into account any applicable grace period under the APMSA).

Therefore, any amounts that are paid by the Obligor into the SCF Bank Account in connection with the settlement of Assigned Receivables are at risk of being commingled with other funds paid by the Obligor into the same account in connection with the settlement of Payment Obligations owing to other Relevant Recipients. If cash collected upon the settlement of Assigned Receivables and due to the Issuer is commingled with other



funds (including funds due to other Relevant Recipients) in the SCF Bank Account, it may not be traceable, such that upon the insolvency of any of the Obligors, it may be impossible to separate the amounts due to the Issuer from amounts due to other creditors of the Obligors (including other Relevant Recipients). If there is a shortfall in the amounts necessary to satisfy the claims of all creditors in such an event, this may reduce amounts available to pay Noteholders under the Notes.

***Reliance on the Platform Provider acting as paying agent for the Obligors and as collection agent for the Issuer under the SCF Platform Documents and the Framework Assignment Agreement may lead to a loss on the Notes***

Pursuant to the terms of the Accounts Payable Management Services Agreement, the Obligors authorize the Platform Provider as paying agent with respect to transactions executed on the SCF Platform. On the Confirmed Payment Date for a VM Account Receivable, the Platform Provider will debit the SCF Bank Account for the amount collected from the relevant Obligor in connection with the settlement of such VM Account Receivable, and will forward such amounts to the Issuer or such other participating funding provider that purchased the VM Account Receivable.

The Platform Provider, acting as paying agent for the Obligors pursuant to the Accounts Payable Management Services Agreement and as collection agent for the Issuer under the Framework Assignment Agreement, must make payments to the Issuer net of any deduction or withholding required to be made from such payments by any law, regulation or practice, and the Issuer will bear the risk of such deduction or withholding. Moreover, save in the case of breach of contract, gross negligence or wilful misconduct, the Platform Provider is not: (a) responsible for any loss or liability arising out of its failure, owing to causes outside its control (such as, but not limited to, the imposition of foreign exchange restrictions or any act or omission of any Obligor) to remit to the Issuer any amount due to it under the Framework Assignment Agreement or any Assignment Framework Note; or (b) liable to remit to the Issuer any amount greater than the amount actually collected from an Obligor in connection with the settlement of an Assigned Receivable, notwithstanding the fact that such amount may be less than the Certified Amount due and payable. Additionally, where any amount is owed by an Obligor in respect of an Assigned Receivable, the Platform Provider is not obliged to pay any part of such amount to the Issuer until it has been able to establish to its satisfaction that it has actually received such amount from the Obligor. In connection therewith, the Platform Provider benefits from a clawback provision in the Framework Assignment Agreement which provides that, save for the Platform Provider's gross negligence or wilful misconduct, if at any time (including after termination of the Framework Assignment Agreement) the Platform Provider pays an amount to the Issuer which the Platform Provider either did not actually receive or is required to return to the relevant Obligor or any third party by operation of mandatory rules of law, then the Issuer must, on demand, refund such amount to the Platform Provider, together with interest (if any) accrued thereon from the date which is 5 Business Days following the date of demand to the date of refund.

Any of the circumstances described above may result in a delay in payments to Noteholders under the Notes or permanent reduction in amounts available to pay Noteholders under the Notes.

***Exposure to credit risk of the Platform Provider***

As of the Issue Date, the Platform Provider pursuant to the terms of the Framework Assignment Agreement and the SCF Platform Documents will be ING Bank N.V., an entity incorporated under the laws of the Netherlands with registered number 33031431 and acting through its office at Bijlmerplein 888, 1102 MG Amsterdam, the Netherlands, and which, in its ordinary course of business, provides wholesale banking services (including trade receivables finance products such as the SCF Platform through which it assigns Payment Obligations (and, where applicable, the related Receivables) to various participating funders, including the Issuer).

Pursuant to the Framework Assignment Agreement, the Issuer agrees to allow the Platform Provider to retain, on the Issuer's behalf (for a specified period), certain amounts which would otherwise be due to the Issuer. This arrangement provides the Platform Provider with additional liquidity to purchase, on the Issuer's behalf, further VM Accounts Receivable as and when they become available on the SCF Platform; it also enhances operational efficiency by minimizing unnecessary or redundant payment flows between the Issuer and the Platform Provider. In exchange, the Platform Provider agrees to pay interest on certain of these retained amounts, which accrues on a daily basis at a fixed margin over 1-month GBP LIBOR, for the period of retention. The Framework Assignment Agreement also permits the Platform Provider to hold certain other funds (which would otherwise be due to the Issuer) for a fixed period of time, without accruing interest, and such funds may or



may not be applied for the Issuer's benefit towards further purchases of VM Accounts Receivable; *provided, however*, that the Platform Provider may not retain any amounts otherwise due to the Issuer and which are not invested in VM Accounts Receivable for longer than four (4) Business Days from the relevant date of receipt and/or in an aggregate amount greater than £50.0 million at any time. For more information on the forms of liquidity provided by the Issuer to the Platform Provider to purchase VM Accounts Receivable on the Issuers' behalf under the Framework Assignment Agreement, see "*General Description of Virgin Media's Business, the Issuer and the Offering—Overview of the Structure of the Offering of the Notes*" found elsewhere in this Offering Circular.

The Issuer will, therefore, be exposed to the credit risk related to the Platform Provider as counterparty to the Framework Assignment Agreement to the extent of the cash of the Issuer held by the Platform Provider. If the credit quality of the Platform Provider deteriorates, it may default on its obligation to make payments thereunder. In the event of the insolvency of the Platform Provider, the Issuer will be treated as a general creditor of the Platform Provider, and may not be able to recover any of its funds held thereby. Furthermore, there may be practical impediments or timing delays associated with enforcement of the Issuer's rights against the Platform Provider in the case of its insolvency. A failure by the Platform Provider to make payment when due to the Issuer of any relevant funds it holds, together with, if applicable, any interest accrued thereon, would reduce the funds available to the Issuer to perform its obligations, which could result in a reduction or delay in payments on the Notes.

In the event of a Ratings Trigger Event, the Issuer will deliver a notice of termination under the Framework Assignment Agreement, and will not be obliged to fund further purchases of VM Accounts Receivable (to the extent an Assignment Notice has not been served or deemed to have been served in respect thereof prior to the date of service of the notice of termination).

The short term, unsecured, unguaranteed and unsubordinated debt obligations of ING Bank N.V. are rated "F1" by Fitch, "P-1" by Moody's and "A-1" by S&P. The long term, unsecured, unguaranteed and unsubordinated debt obligations of ING Bank N.V. are rated "A+" by Fitch, "A1" by Moody's and "A" by S&P.

In the case of an SCF Platform Addition or an SCF Platform Replacement, a different entity may be appointed as Platform Provider. There can be no assurance on the level of exposure to the credit risk of such new or replacement Platform Provider.

#### ***The Framework Assignment Agreement may be terminated without the consent of the Issuer***

The Issuer depends on its rights under the Framework Assignment Agreement to access the SCF Platform and to purchase eligible VM Accounts Receivable, the repayment of which at a premium (in conjunction with certain payments from VMIH pursuant to the New VM Facilities Agreement) allows the Issuer to service its obligations under the Notes. Under its terms, the Framework Assignment Agreement and/or any Assignment Framework Note thereunder may be terminated by the Platform Provider, without the consent of the Issuer, upon provision of 10 Business Days' prior written notice, *provided that* the effective date of such termination shall not be earlier than the effective date of termination of the APMSA. The Platform Provider may also terminate the Framework Assignment Agreement and/or any Assignment Framework Note with immediate effect upon the occurrence of certain events, including a breach of material obligations of the Obligors' Parent (subject to a 30 days grace period), a material breach of the representation and warranties of the Obligors' Parent (subject to a 30 days grace period), or if a specified insolvency event has occurred in respect of the Obligors' Parent. Termination of the Framework Assignment Agreement shall preclude the service of further Assignment Notices, thus preventing the Issuer from purchasing further VM Accounts Receivable, in which case the Issuer would be dependent upon (i) the repayment of any Assigned Receivables outstanding prior to such termination and (ii) payments from VMIH pursuant to the New VM Facilities Agreement to fund interest payments on the Notes. Upon repayment of any outstanding Assigned Receivables, funding of payments on the Notes would no longer benefit from the purchase and repayment of VM Accounts Receivable. In such case the Issuer would be entirely dependent upon payments by VMIH to which the Issuer is entitled under the New VM Facilities Agreement (including any Shortfall Payments) and Expenses Agreement to fund payments under the Notes. See "*The Issuer is an unaffiliated special purpose financing company which will depend on payments in respect of the Assigned Receivables, the New VM Facilities Agreement and the Expenses Agreement to provide it with funds to meet its obligations under the Notes*" and "*Limited recourse obligations*".

#### ***Reliance on third parties***

Each of the Notes Trustee, the Security Trustee and the Issuer is a party to arrangements with a number of other third parties that have agreed to perform certain services in relation to the VM Accounts Receivable and the New VM Facilities Agreement, as further described in "*Summary of Principal Documents—Agency and Account Bank Agreement*" included elsewhere in this Offering Circular. For example, the Administrator has agreed to

provide certain portfolio administration and calculation services, the Account Bank has agreed to provide certain cash management services and the Paying Agent has agreed to provide payment services, in each case either itself or through its delegates, in respect of the VM Accounts Receivable and New VM Facilities Loans under the Agency and Account Bank Agreement. Each of the Notes Trustee, the Security Trustee and the Issuer will rely on the relevant third party or its delegate to exercise the rights and carry out the obligations under the Agency and Account Bank Agreement. In the event that any relevant third party or its delegate fails to perform its obligations under the respective agreement, the Notes may be adversely affected. For example, disruptions in the duties of the Administrator, which may be caused by the failure to appoint a successor or the failure of the Administrator to carry out its services, could lead to a loss on the Notes. Each of the Issuer and the Security Trustee may, from time to time, become subject to regulatory or other requirements that may require it to appoint additional third parties (or increase the level of responsibility of an existing third party) to provide relevant services and/or incur additional costs and expenses to enable it to comply with such regulatory requirements. The Issuer and the Security Trustee, as the case may be, could be in breach of regulatory requirements or otherwise adversely affected if they were unable to find a third party to provide the relevant services or perform them themselves. Moreover, such regulatory requirements may give rise to additional costs and expenses for the affected entity which would be payable prior to payments with respect to the Notes and thereby reduce amounts available to make such payments under the Notes.

***Termination of the Administrator may cause disruptions in processes that could affect the timeliness of payments on the Notes***

If the appointment of The Bank of New York Mellon, London Branch as Administrator is terminated under the terms of the Agency and Account Bank Agreement, it will be necessary for the Issuer to appoint a successor to undertake the obligations of the Administrator. See “*Summary of Principal Documents—Agency and Account Bank Agreement*” for a description of the circumstances in which termination of the Administrator may occur and the consequences of such termination. The transfer to a new Administrator may create disruptions in processes that could cause delays in the payments received by the Issuer and, ultimately, in payments due on the Notes.

**Irish Law**

The Issuer is subject to risks, including the location of its centre of main interest (“COMI”), the appointment of examiners, claims of preferred creditors and floating charges.

***Centre of main interest***

The Issuer has its registered office in Ireland. As a result there is a rebuttable presumption that its COMI is in Ireland and consequently that any main insolvency proceedings applicable to it would be governed by Irish law. In the decision by the European Court of Justice (“ECJ”) in relation to *Eurofood IFSC Limited*, the ECJ restated the presumption in the EU Insolvency Regulation, that the place of a company’s registered office is presumed to be the company’s COMI and stated that the presumption can only be rebutted if “factors which are both objective and ascertainable by third parties enable it to be established that an actual situation exists which is different from that which locating it at the registered office is deemed to reflect”. As the Issuer has its registered office in Ireland, currently has Irish directors, is registered for tax in Ireland and has an Irish corporate services provider, the Issuer does not believe that factors exist that would rebut this presumption, although this would ultimately be a matter for the relevant court to decide, based on the circumstances existing at the time when it was asked to make that decision. If the Issuer’s COMI is not located in Ireland, and is held to be in a different jurisdiction within the European Union, main insolvency proceedings may not be opened in Ireland.

***Examinership***

Examinership is a court moratorium/protection procedure which is available under Irish company law to facilitate the survival of Irish companies in financial difficulties. Where a company, which has its COMI in Ireland is, or is likely to be, unable to pay its debts an examiner may be appointed on a petition to the relevant Irish court under Section 509 of the Companies Act 2014. The Issuer, the directors of the Issuer, a contingent, prospective or actual creditor of the Issuer, or shareholders of the Issuer holding, at the date of presentation of the petition, not less than one-tenth of the voting share capital of the Issuer are each entitled to petition the court for the appointment of an examiner.

The examiner, once appointed, has the power to halt, prevent or rectify acts or omissions, by or on behalf of the company after his appointment and, in certain circumstances, negative pledges given by the company prior to

his appointment will not be binding on the company. Furthermore, where proposals for a scheme of arrangement are to be formulated, the company may, subject to the approval of the court, affirm or repudiate any contract under which some element of performance other than the payment remains to be rendered both by the company and the other contracting party or parties.

During the period of protection, the examiner will compile proposals for a compromise or scheme of arrangement to assist in the survival of the company or the whole or any part of its undertaking as a going concern. A scheme of arrangement may be approved by the relevant Irish Court when a minimum of one class of creditors, whose interests are impaired under the proposals, has voted in favour of the proposals and the relevant Irish Court is satisfied that such proposals are fair and equitable in relation to any class of members or creditors who have not accepted the proposals and whose interests would be impaired by implementation of the scheme of arrangement and the proposals are not unfairly prejudicial to any interested party.

The fact that the Issuer is a special purpose entity and that all its liabilities are of a limited recourse nature means that it is unlikely that an examiner would be appointed to the Issuer.

If however, for any reason, an examiner were appointed while any amounts due by the Issuer under the Notes were unpaid, the primary risks to the Noteholders are as follows:

- the Notes Trustee, acting on behalf of the Noteholders, would not be able to enforce rights against the Issuer during the period of examinership; and
- a scheme of arrangement may be approved involving the writing down of the debt due by the Issuer to the Noteholders irrespective of the Noteholders' views.

### ***Preferred creditors***

If the Issuer becomes subject to an insolvency proceeding and the Issuer has obligations to creditors that are treated under Irish law as creditors that are senior relative to the Noteholders, the Noteholders may suffer losses as a result of their subordinated status during such insolvency proceedings. In particular:

- under the terms of the Trust Deed, the Notes will be secured in favour of the Security Trustee for the benefit of itself and the other Secured Parties by security over a portfolio of Notes Secured Obligations and assignments of various of the Issuer's rights under the Transaction Documents. Under Irish law, the claims of creditors holding fixed charges may rank behind other creditors (namely fees, costs and expenses of any examiner appointed and certain capital gains tax liabilities) and, in the case of fixed charges over book debts, may rank behind claims of the Irish Revenue Commissioners for "pay-as-you-earn", pay related social insurance, local property tax and any tax imposed in conformity with the Council Directive of November 28, 2006 on the common system of value added tax (EC Directive 2006/112) and any other tax of a similar fiscal nature substituted for, or levied in addition to such tax whether in the European Union, or elsewhere in any jurisdiction together with any interest and penalties thereon ("VAT");
- under Irish law, for a charge to be characterised as a fixed charge, the charge holder is required to exercise the requisite level of control over the assets purported to be charged and the proceeds of such assets including any bank account into which such proceeds are paid. There is a risk therefore that even a charge which purports to be taken as a fixed charge may take effect as a floating charge if a court deems that the requisite level of control was not exercised; and
- in an insolvency of the Issuer, the claims of certain other creditors (including the Irish Revenue Commissioners for certain unpaid taxes), as well as those of creditors mentioned above, will rank in priority to claims of unsecured creditors and claims of creditors holding floating charges, including those charges that purport to be created as a fixed charge but take effect as a floating charge.

### **Investment Company Act**

#### ***Restrictions on ownership of Notes and the Investment Company Act***

The Issuer has not registered with the SEC as an investment company pursuant to the Investment Company Act, in reliance on the exception contained in Section 3(c)(7) of the Investment Company Act. Section 3(c)(7) of the Investment Company Act provides that an entity will not be within the statutory definition of "investment company" so long as (a) such entity's outstanding securities offered within the U.S. are owned exclusively by U.S. residents that are "qualified purchasers" at the time of acquisition of such securities and (b) such entity does

not make, or propose to make, a public offering of its securities in the United States. In some cases persons who would not otherwise be deemed to be qualified purchasers can own securities of the entity, such as “knowledgeable employees” of the entity and certain transferees identified in Rules 3c-5 and 3c-6 under the Investment Company Act.

No opinion or no-action position has been requested of the SEC with respect to the status of the Issuer as an investment company under the Investment Company Act.

If the SEC or a court of competent jurisdiction were to find that the Issuer is required, but in violation of the Investment Company Act had failed, to register as an investment company, possible consequences include, but are not limited to, the following: (i) the SEC could apply to a district court to enjoin the violation; (ii) investors in the Issuer could sue the Issuer and recover any damages caused by the violation; and (iii) any contract to which the Issuer is party that is made in violation of the Investment Company Act or whose performance involves such violation would be unenforceable by any party to the contract unless a court were to find that under the circumstances enforcement would produce a more equitable result than non-enforcement and would not be inconsistent with the purposes of the Investment Company Act. In addition, such a finding would constitute an Issuer Event of Default under the Conditions. Should the Issuer be subjected to any or all of the foregoing, the Issuer would be materially and adversely affected.

### **Risks Relating to Virgin Media**

*Unless otherwise stated or unless the context otherwise requires, the terms “we”, “us” and “our” and “Virgin Media” as used in this Section entitled “Risks Relating to Virgin Media” refer to Virgin Media, with or without its consolidated subsidiaries, or Virgin Media and/or certain of its subsidiaries, as the context requires.*

### **Risks Relating to Virgin Media’s 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 June 30, 2016, on an as adjusted basis after giving effect to the funding of the New VM Facilities Loans under the New VM Facilities Agreement, our total consolidated third-party debt and capital lease obligations was £835.6 million.

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 incur additional indebtedness prior to, or within a short time period following, the Issue Date of the Notes, which indebtedness could increase our leverage and may have terms that are more or less favorable than the terms of the Notes and our other existing indebtedness***

We or our subsidiaries may incur substantial additional debt, including in connection with a refinancing of our existing debt, to fund any future acquisition or for general corporate purposes. In connection with our financial strategy, we continually evaluate different financing alternatives, and we may decide to enter into new credit facilities, access the debt capital markets or incur other indebtedness from time to time, including following the consummation of this offering and prior to, or within a short time period following, the Issue Date of the Notes. Any such offering or incurrence of debt will be made at our election or the election of our relevant subsidiaries, and if such debt is in the form of securities, would be offered and sold pursuant to, and on the terms described in, a separate offering memorandum. The interest rate with respect to any such additional debt will be set at the time of the pricing or incurrence of such debt and may be less than or greater than the interest rate applicable to the Notes and our other existing debt, including, in the case of a refinancing, the debt that is being refinanced, which would have a corresponding effect on our cash interest expense on a pro forma basis. In addition, the maturity date of any such additional debt will be set at the time of pricing or incurrence of such debt and may be earlier or later than the maturity date of the Notes and our other existing debt. The other terms of such additional debt would be as agreed with the relevant lenders or holders thereof and could be more or less favorable than the terms of the Notes or our other existing indebtedness. There can be no assurance that we or our subsidiaries will elect to raise any such additional debt or that any effort to raise such debt will be successful, and there can be no assurance as to the timing of such offering or incurrence, the amount or terms of any such additional debt. If we incur new debt in addition to our current debt, the related risks that we now face, even in a refinancing transaction, as described above and elsewhere in these “*Risk Factors*”, could intensify.

***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. Certain tranches of our VM Credit Facility have a term of five 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 Virgin Media—Description of Other Indebtedness of Virgin Media*” and note 7 to the June 30, 2016 Condensed Consolidated Financial Statements.

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 financial maintenance tests include leverage ratios, 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 some of our subsidiaries' ability to pay dividends, transfer assets or make related-party 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.

***VMIH and certain Subsidiary Obligor are holding companies which conduct no business operations of their own, and are dependent upon cash flow from their respective subsidiaries to meet their obligations***

None of VMIH, VML and Virgin Media Senior Investments Limited (each, a “**Holdco Obligor**”) conducts business operations of its own. The ability of any Holdco Obligor’s direct or indirect subsidiaries to pay dividends or to make other payments or advances to such Holdco Obligor depends on their individual operating results and any statutory, regulatory or contractual restrictions to which they may be or may become subject, and in some cases such Holdco Obligor’s receipt of such payments or advances may be subject to onerous tax consequences. Most of the operating subsidiaries of each Holdco Obligor are subject to credit agreements or indentures that restrict sales of assets and prohibit or limit the payment of dividends or the making of distributions, loans or advances to stockholders and partners, subject to certain exceptions. In addition, because these subsidiaries are separate and distinct legal entities, they have no obligation to provide such Holdco Obligor funds for payment obligations, whether by dividends, distributions, loans or other payments. Additionally, applicable law may also limit the amounts that the subsidiaries of such Holdco Obligors will be permitted to pay as dividends or distributions on their equity interests or as loans, or even prevent such payments. If any of a Holdco Obligor’s direct or indirect subsidiaries are unable to make distributions or other payments to it or their respective parent entities, such Holdco Obligor does not expect to have any other sources of funds that would allow it to make payments under the New VM Facilities Agreement (and, in the case of VMIH, under the Expenses Agreement) that would in turn, allow the Issuer to make payments under the Notes.

There can be no assurance that arrangements with each Holdco Obligor’s subsidiaries and the funding permitted by the agreements governing existing and future indebtedness of such Holdco Obligor’s subsidiaries will provide such Holdco Obligor with sufficient dividends, distributions or loans to fund payments under the New VM Facilities Agreement (and, in the case of VMIH, under the Expenses Agreement), and in turn, fund payments by the Issuer under the Notes, when due.

***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 portions 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 (including as a result of the United Kingdom's vote to leave the European Union, as discussed below), 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 certain 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 sterling 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.

As a result of the June 23, 2016 referendum by British voters to exit the European Union, global markets and foreign currencies have been adversely impacted. In particular, the value of the pound sterling has sharply declined as compared to the U.S. dollar, the euro, and other currencies. This volatility in foreign currencies is expected to continue as the United Kingdom negotiates and executes its exit from the European Union but it is uncertain over what time period this will occur. A significantly weaker pound sterling compared to the U.S. dollar could, in addition to the consequences discussed above, have a significant negative effect on the Company's business, financial condition and results of operations. For a description of the risks associated with the United Kingdom's vote to leave the European Union, see "*The U.K. referendum advising for the exit of the U.K. from the E.U. could have a material adverse effect on our business, financial condition or results of operations*" above.

***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., the U.K. and Ireland. 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 as they are 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., U.S. and Ireland. 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. This change, which took effect on May 1, 2014, impacted our company and some of our competitors. As a result of this legislation, our revenue was £14.4 million lower during 2015 as compared to 2014. The U.K. tax authority issued a decision in the fourth quarter of 2015 challenging our application of the prompt payment discount rules prior to the May 1, 2014 change in legislation. We have appealed this decision. As part of the appeal process, we were required to make aggregate payments of £67.0 million, which included the challenged amount of £63.7 million and related interest of £3.3 million. The aggregate amount paid does not include penalties, which could be significant in the unlikely event that penalties were to be assessed. This matter will likely be subject to court proceedings that could delay the ultimate resolution for an extended period of time.

The Valuation Office Agency in the U.K. has indicated its intention to significantly increase charges for network infrastructure in the U.K. effective April 1, 2017. We cannot predict what the amount of the increased charges will be, although anticipate any proposed increase will be communicated during 2016. If implemented, any significant increase in network infrastructure charges in the U.K. could have an adverse impact on our results of operations.

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

Future adverse changes in the underlying profitability and financial outlook of our operations could cause us to establish a 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 VM 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 Virgin Media's Industry and 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 cable television, 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 (“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 telephony 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 VoIP (over fixed and mobile technologies), 3D TV, Ultra HD/4K TV, mobile instant messaging, WiFi, Wi-Max, LTE, IPTV, or the emergence of new technologies, such as white space technologies (which use portions of the old analog television 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 (“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 or extensions of our network (including the Network Extension) will generate a positive return or that we will have adequate capital available to finance such future upgrades or extensions. 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 cable television, broadband, fixed-line telephony and mobile services and increase churn***

Most of our revenue is derived from customers who could be impacted by adverse economic developments globally, in Europe, the U.K. and Ireland. 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 ARPU at existing levels. The countries in which we operate 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, the U.K. or Ireland remains uncertain or declines (including as a result of the United Kingdom’s recent vote to leave the European Union). We are currently unable to predict the extent of any of these potential adverse effects. For a description of the risks associated with the United Kingdom’s vote to leave the European Union, see “*The U.K. referendum advising for the exit of the U.K. from the E.U. could have a material adverse effect on our business, financial condition or results of operations*” above.

***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. 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***

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 depend on third-party suppliers and licensors to supply necessary equipment, software and certain services required for our businesses***

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 is subject to various risks, including political and economic instability, natural calamities, interruptions in transportation systems, terrorism and labour 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. Also, if demand exceeds the suppliers' and licensors' capacity or if they experience financial difficulties, the ability of our businesses to provide some services may be materially adversely affected, which in turn could affect our businesses' ability to attract and retain customers. Although we actively monitor the creditworthiness of our key third-party suppliers and licensors, the financial failure of a key third-party supplier or licensor could disrupt our operations and have an adverse impact on our revenue and cash flows. We rely upon intellectual property that is



owned or licensed by us to use various technologies, conduct our operations and sell our products and services. Legal challenges could be made against our use of our or our licensed intellectual property rights (such as trademarks, patents and trade secrets) and we may be required to enter into licensing arrangements on unfavorable terms, incur monetary damages or be enjoined from use of the intellectual property rights in question.

***Our consumer mobile services rely on the radio access networks of third-party wireless network providers to carry our mobile communications traffic***

Our services to mobile customers rely on the use of MVNO arrangements in which we utilize the radio access networks of third-party wireless network providers to carry our mobile communications traffic. If any of our MVNO arrangements are terminated, or if the respective third-party wireless network provider fails to provide the services required under an MVNO arrangement, or if a third-party wireless network provider fails to deploy and maintain its network, and we are unable to find a replacement network operator on a timely and commercial basis or at all, we could be prevented from continuing the mobile services relying on such MVNO arrangement. Additionally, as our MVNO arrangements come to term, we may not be able to renegotiate renewal or replacement MVNO arrangements on the same or more favorable terms.

***The “Virgin” brand is not under our control and the activities of the Virgin 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 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 Sky plc (“**Sky**”). Sky is also one of our main competitors in the television services business. Sky 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 (“**Ofcom**”) imposed new license conditions on Sky that provided for a “wholesale must offer” (“**WMO**”) obligation on Sky that regulated (or set a fair, reasonable and non-discriminatory requirement for) the price and terms of supply of certain of Sky’s Sports Channels. On December 19, 2014, Ofcom launched a consultation to review the WMO remedy and consider whether it remained an appropriate remedy. On November 19, 2015, Ofcom issued its final statement concluding that the WMO was no longer appropriate and removed the WMO obligation from Sky. On January 19, 2016, BT Group plc (“**BT**”) lodged an appeal against Ofcom’s decision of November 19, 2015. On February 18, 2016, Sky was given permission to intervene in BT’s appeal with a hearing scheduled to take place October 3-14, 2016. The removal of the WMO requirement may have a material adverse effect on our business if Sky considers itself unconstrained in the supply and pricing of its programming following the expiry of our current carriage agreements.

In August 2013, BT 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 2014, 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 2018.

Other significant programming suppliers include the British Broadcasting Corporation, ITV plc, Channel 4, UKTV, Viacom Inc. (including Five), Discovery Communications Inc., Disney, NBC Universal 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 Sky, 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, governmental policy affecting the conduct of our business, or other risks relating to claims, 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 Competition and Markets Authority (“CMA”), 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. Ofcom is in the process of considering if and how new rules on switching of service might be extended to providers other than those operating over the BT network. Such regulation would allow customers to switch with greater ease to another provider without informing the existing provider.

In July 2013, the U.K. government published a white paper reviewing U.K. Communications legislation. This included 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. A resulting consultation seeking evidence on the balance of payments between television platforms and public service broadcasters was published in March 2015. That consultation closed in May 2015, with the government publishing its conclusions on July 5, 2016 that there should continue to be a zero balance of payments between all platform operators and the public service broadcasters. Legislative changes are expected in the first half of 2017. 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.

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 and claims brought by private parties, 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. With respect to

private litigation, we are subject to an ongoing lawsuit in state court in New Jersey entitled *Musashi, L.L.C. and W.R. Huff Asset Management Co., L.L.C. v. Virgin Media Inc.* The plaintiffs in that case assert various claims that we believe to be baseless and without merit, including, among others, a purported indemnification claim for losses (including lost profits and lost business opportunity) and expenses that such plaintiffs claim to have incurred in connection with disputes, regulatory proceedings and client terminations relating to the plaintiffs' decision not to share with its clients fees received by plaintiffs in 2004 for services allegedly performed for the Company or its predecessors. While the Company believes the case is wholly without merit, a trial in such matter is scheduled for October 31, 2016. We cannot predict the outcome of these proceedings including what, if any, impact a final determination in such proceedings would have on our financial condition or liquidity.

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 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.

## USE OF PROCEEDS

The Issuer expects that the net proceeds from the issuance of the Notes, together with any upfront payments payable by VMIH under the New VM Facilities Agreement, will be approximately £350.0 million and will be used by the Issuer to finance the acquisition of VM Accounts Receivable pursuant to the terms of the Framework Assignment Agreement or to fund the New VM Facilities Loans under the New VM Facilities Agreement, as further described below.

To the extent that there are not sufficient VM Accounts Receivable available for purchase on the first Value Date, the Issuer will advance any excess proceeds from the issuance of the Notes (excluding the Initial Interest Reserve Amount) to the New VM Facilities Borrower as Excess Cash Loans under the Excess Cash Facility pursuant to the New VM Facilities Agreement. On the Issue Date, the Issuer will also fund an Interest Facility Loan under the Interest Facility to VMIH, in a principal amount equal to the Initial Interest Reserve Amount, and a loan in an aggregate principal amount equal to £2.0 million under the Issue Date Facility to VMIH, each pursuant to the New VM Facilities Agreement.

## DESCRIPTION OF THE ISSUER

### General

The Issuer, Virgin Media Receivables Financing Notes I Designated Activity Company, was incorporated as a designated activity company in Ireland with registered number 577958 on February 29, 2016 pursuant to the Companies Act 2014 (as amended). The registered office of the Issuer is at 3<sup>rd</sup> Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland and its telephone number is +353 1 6146240. The Issuer was incorporated for an indefinite duration and has no other commercial name.

The authorized share capital of the Issuer is £100 divided into 100 ordinary shares of £1.00 each, plus £100,000,000 divided into 100,000,000 Class B, non-voting, non-dividend bearing shares of £1.00 each. The Issuer has issued 1 ordinary share of £1.00 and will, on the Issue Date, issue 2,000,000 Class B, non-voting, non-dividend bearing shares of £1.00 each (the “**Shares**”), which are and will be, respectively, fully paid up and held by TMF Management (Ireland) Limited (the “**Share Trustee**”) under the terms of a declaration of trust dated March 23, 2016, as amended and restated on September 16, 2016 (the “**Declaration of Trust**”), pursuant to which the Share Trustee holds the Shares on trust for certain charities and charitable institutions according to the terms of the Declaration of Trust until the Termination Date (as defined in the Declaration of Trust) and may not dispose or otherwise deal with the Shares for so long as there are any Notes outstanding. The holder of the ordinary share will have the ability to elect directors of the Issuer and may be able to take certain other actions permitted by shareholders under the Constitution of the Issuer. Neither Virgin Media nor any of its subsidiaries owns directly or indirectly any of the share capital of the Issuer. With the exception of the Share Trustee pursuant to the Issue Date Arrangements Agreement, no person has been granted the right to subscribe for any share capital of the Issuer.

TMF Administration Services Limited (the “**Corporate Servicer**”), an Irish company, acts as the corporate services provider for the Issuer. The office of the Corporate Servicer serves as the general business office of the Issuer. Through the office and pursuant to the terms of the corporate services agreement entered into on or before the Issue Date (the “**Corporate Administration Agreement**”) between the Issuer and the Corporate Servicer, the Corporate Servicer performs various management functions on behalf of the Issuer, including the provision of certain clerical, reporting, accounting, administrative and other services until termination of the Corporate Administration Agreement. In consideration for the foregoing, the Corporate Servicer receives various fees and other charges payable by the Issuer at rates agreed upon from time to time plus expenses. The terms of the Corporate Administration Agreement provide that either party may terminate the Corporate Administration Agreement upon the occurrence of certain stated events, including any material breach by the other party of its obligations under the Corporate Administration Agreement which is either incapable of remedy or which is not cured within 30 days from the date on which it was notified of such breach. In addition, either party may terminate the Corporate Administration Agreement at any time by giving not less than 2 months’ written notice to the other party. The termination of the Corporate Servicer becomes effective only upon the appointment by the Issuer of a successor corporate servicer. The Corporate Administration Agreement will contain standard limited recourse and non-petition provisions with respect to the Issuer.

The Corporate Servicer’s principal office is at 3<sup>rd</sup> Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland.

### Business

The principal objects of the Issuer are set forth in Article 3 of its Constitution and include, *inter alia*, the power to issue securities and to raise or borrow money, to grant security over its assets for such purposes, to lend with or without security and to enter into derivative transactions. Cash flow derived from the Assigned Receivables, repayments made in respect of the New VM Facilities Loans drawn, as well as Shortfall Payments made, under the New VM Facilities Agreement and payments under the Expenses Agreement will be the Issuer’s only sources of funds to fund payments in respect of the Notes.

So long as any of the Notes are outstanding, the Issuer will be subject to the restrictions set out in the Conditions and in the Trust Deed. In particular, the Issuer has undertaken not to carry out any business other than issuing the Notes, acquiring, holding and disposing of the VM Accounts Receivable, funding the New VM Facilities Loans and making payments under the New VM Facilities Agreement and Expenses Agreement, or otherwise carrying out its obligations in accordance with the Transaction Documents to which it is party, and



exercising the rights and performing the obligations under each such agreement and all other transactions incidental thereto. The Issuer will not have any substantial liabilities other than in connection with the Notes and any secured obligations. The Issuer will not have any subsidiaries and, save in respect of the proceeds of the Issuer's issued share capital and the amounts standing to the credit of the Issuer Profit Account as contemplated by the Transaction Documents, the Issuer will not be able to accumulate any surpluses.

The Issuer has, and will have, no material assets other than the Assigned Receivables held from time to time, the balances standing to the credit of the Issuer Transaction Accounts and the benefit of the Transaction Documents to which the Issuer is or may become a party or in respect of which it has or may have any right, title, benefit or interest (including the New VM Facilities Agreement, the Expenses Agreement, the Issue Date Arrangements Agreement and the Framework Assignment Agreement), such fees (as agreed) payable to it in connection with the issue of the Notes, the sum of £1.00 representing the proceeds of its issued and paid up ordinary share capital which is held in the Issuer Profit Account, and the remainder of the amounts standing to the credit of the Issuer Profit Account. The only assets of the Issuer available to meet claims of the Noteholders and the other Secured Parties are the assets comprising the Notes Collateral.

The Notes are obligations of the Issuer alone and are not the obligations of, or guaranteed in any way by, the Directors, the company secretary of the Issuer, the Share Trustee, any of the other parties to the Transaction Documents or any Obligor.

### **Directors and Company Secretary**

The Issuer's Constitution provides that the board of directors of the Issuer will consist of at least two directors.

The Directors of the Issuer as at the date of this Offering Circular are Sam Sengupta and Stuart Maher. The business address of the Directors is 3rd Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland. The Directors of the Issuer may engage in other activities and have other directorships. None of the Directors of the Issuer has any actual or potential conflict between their duties to the Issuer and their private interest or other duties.

The company secretary is TMF Administration Services Limited of 3rd Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland.

### **Business Activity**

The Issuer has not previously carried on any business or activities other than those incidental to its incorporation, the acquisition of the VM Accounts Receivable, the authorization and issue of the Notes, the funding of the New VM Facilities Loans under the New VM Facilities Agreement, the making of payments under the New VM Facilities Agreement and Expenses Agreement, or otherwise carrying out its obligations in accordance with the Transaction Documents to which it is party, and activities incidental to the exercise of its rights in compliance with its obligations under the Trust Deed, the other Transaction Documents to which it is party entered into in connection with the issue of the Notes, the purchase of the VM Accounts Receivable, the funding of the New VM Facilities Loans under the New VM Facilities Agreement and the making of payments under the New VM Facilities Agreement and Expenses Agreement.

### **Subsidiaries**

The Issuer has no subsidiaries.

### **Financial Statements**

Since its date of incorporation, and save as disclosed herein, the Issuer has not commenced operations and no financial statements of the Issuer have been prepared as at the date of this Offering Circular. The Issuer intends to publish its financial statements in respect of the period ending on December 31, 2016. The Issuer will not prepare interim financial statements. The financial year of the Issuer ends on December 31, in each year.

The Issuer's profit and loss account and balance sheet can be obtained free of charge from the registered office of the Issuer. The Issuer must hold its first annual general meeting within 18 months of the date of its incorporation (and no more than 9 months after the financial year end) and thereafter the gap between its annual general meetings must not exceed 15 months. One annual general meeting must be held in each calendar year.

The independent auditors of the Issuer are KPMG Ireland, who are chartered accountants and are members of the Institute of Chartered Accountants and registered independent auditors qualified to practice in Ireland. The opening statement of assets and liabilities and related notes of the Issuer as of its date of incorporation included elsewhere in this Offering Circular has been audited by KPMG Ireland.

## CAPITALIZATION OF THE ISSUER

The following table sets forth, in each case as of February 29, 2016 (the date of incorporation of the Issuer), (i) the actual capitalization of the Issuer and (ii) capitalization of the Issuer on an as adjusted basis after giving effect to the issuance of the Notes and completion of the Transactions.

<b>CASH AND CASH EQUIVALENTS AND CAPITALIZATION OF THE ISSUER</b>	<b>February 29, 2016</b>	
	<b>Actual</b>	<b>As Adjusted</b>
	<b>in millions</b>	
<b>Total cash and cash equivalents</b> .....	<u>£—</u>	<u>£ —</u>
<b>Total third-party debt—Notes offered hereby</b> .....	<u>£—</u>	<u>£350.0</u>
<b>Total equity (1)</b> .....	<u>—</u>	<u>2.0</u>
<b>Total capitalization</b> .....	<u>£—</u>	<u>£352.0</u>

- (1) The “As Adjusted” amount reflects the impact of the payment by a subsidiary of Virgin Media to the Share Trustee pursuant to the Issue Date Arrangements Agreement and the subsequent subscription by the Share Trustee for the Issue Date Shares.

## DESCRIPTION OF THE RECEIVABLES

*The following description includes a summary of certain provisions of the Discounted Payments Purchase Agreements, the Accounts Payable Management Services Agreement and the Framework Assignment Agreement, which does not purport to be complete and is qualified by reference to the detailed provisions of each such agreement. Although Virgin Media Ireland Ltd. is historically a “Buyer Entity” (and therefore an Obligor) under the APMSA, it will not be an eligible Obligor under the Framework Assignment Agreement on and following the Issue Date, and therefore, none of the Assigned Receivables will be owed by it. As used in the sections entitled “—Overview: Creation of the VM Accounts Receivable”, “—Sale and Assignment of the Receivables from the Suppliers to the Platform Provider: the Discounted Payments Purchase Agreement” and “—Uploading of Receivables onto the SCF Platform and Purchase by the Platform Provider: the Accounts Payable Management Services Agreement”, “Obligor” shall include reference to the Obligors’ Parent, the eligible Subsidiary Obligors and/or the Excluded Buyer, as the context may require, and “Subsidiary Obligor” shall include reference to the eligible Subsidiary Obligors and/or the Excluded Buyer, as the context may require. As used in the section entitled “—Assignment of the VM Accounts Receivable by the Platform Provider to the Issuer: the Framework Assignment Agreement”, neither “Obligor” nor “Subsidiary Obligor” shall include reference to the Excluded Buyer.*

### Overview: Creation of VM Accounts Receivable

In the course of their business, VMIH and its subsidiaries purchase goods and/or services from suppliers pursuant to the terms of various supply contracts, and those suppliers issue invoices requiring the relevant Obligor to make payment for the purchase of such goods and/or services on the terms specified in the applicable invoice and supply contract. Certain of VMIH’s subsidiaries (the “**Subsidiary Obligors**”) may accede as buyer entities to the Accounts Payable Management Services Agreement (as defined elsewhere in this Offering Circular and further described in “*Summary of Principal Documents—Accounts Payable Management Services Agreement*”), between, among others, VMIH and the Platform Provider, pursuant to which the invoices owing by VMIH and the Subsidiary Obligors are factored or sold through the SCF Platform (as defined elsewhere in this Offering Circular), an online portal established and administered by the Platform Provider. Each Supplier (as defined below) and the Platform Provider have entered into a Discounted Payments Purchase Agreement (as defined elsewhere in this Offering Circular and further described in “*Summary of Principal Documents—Discounted Payments Purchase Agreement*”), pursuant to which such Supplier will accept payment of invoices through the SCF Platform. Each invoice evidences an amount payable by an Obligor to a Supplier as a result of an existing business relationship, and includes all rights attaching thereto under the relevant contract to which such invoice relates and the SCF Platform Documents (each, a “**Receivable**” and collectively, the “**Receivables**”).

From time to time, an Obligor may upload an Electronic Data File containing details of Receivables (including, among other things, the amount, the invoice date and the currency) payable to a Supplier onto the SCF Platform. The designation of such uploaded Receivables as “approved” by an Obligor (an “**Approved Platform Receivable**”) will initially give rise to an independent and primary obligation by VMIH to make payment or cause payment to be made to the Relevant Recipient on the Confirmed Payment Date in respect of such Approved Platform Receivable (a “**Parent Payment Obligation**”). As permitted in accordance with the terms pursuant to which the relevant goods were acquired and/or services supplied, the relevant Obligor will specify, in such Electronic Data File, the date on which such Parent Payment Obligation and the related Receivable will be paid (which date will be either the original invoice date or a date up to 360 days from the original invoice date, each, a “**Confirmed Payment Date**”).

As part of its participation in the SCF Platform, each Supplier has agreed that it will offer to sell Parent Payment Obligations and the related Receivables to the Platform Provider. In such cases, the Platform Provider may purchase the relevant Parent Payment Obligation and such related Receivable from the Supplier at a price intended to be equal to the original face value of the invoice owed to the Supplier (as further described below under “*Summary of Principal Documents—Discounted Payments Purchase Agreements*”).

Upon each sale and assignment of a Parent Payment Obligation and the related Receivable from the Supplier to the Platform Provider through the SCF Platform, each Obligor will become jointly and severally liable with each other Obligor to make payment or cause payment to be made to the Relevant Recipient on the Confirmed Payment Date in respect of such Parent Payment Obligation (such Parent Payment Obligation, as enhanced by the joint and several payment undertaking of each Obligor, a “**Payment Obligation**”). Pursuant to the Framework Assignment Agreement (as defined below), the Platform Provider may subsequently offer to sell

and assign to the Issuer, on a non-recourse basis, eligible Payment Obligations and the related Receivables (solely to the extent that such Receivables have been acquired by the Platform Provider) (collectively and as further described and defined below, the “**VM Accounts Receivable**”).

### **Sale and Assignment of the Receivables from the Suppliers to the Platform Provider: the Discounted Payments Purchase Agreement**

In conjunction with the SCF Platform, each Supplier has entered into, or will enter into, a Discounted Payments Purchase Agreement (each based on a standard form) with the Platform Provider. Upon an Upload by an Obligor and the designation of such uploaded Receivable as “approved”, (i) the price of such Receivable is increased (in accordance with the relevant supply contract, including any supplement thereto) by adding to the original face value of such Receivable the Applied Discount (as defined in the context of the APMSA) (as displayed on the SCF Platform on the relevant day); and (ii) the Supplier to which such Approved Platform Receivable relates will automatically and irrevocably offer to sell to the Platform Provider the relevant Parent Payment Obligation and the Receivable related thereto at a discounted price (the “**Net Purchase Amount**”) (as determined by deducting from the grossed-up amount of the relevant invoice (calculated in accordance with the relevant supply contract, including any supplement thereto, as described above), such Applied Discount (as defined in the context of the APMSA) (as displayed on the SCF Platform on the relevant day), such that the Platform Provider pays an amount equal to the original face value of such invoice owed to the Supplier). Upon making such irrevocable offer, the Supplier agrees not to sell, offer to sell, transfer, pledge or offer as security to any other person, or consent to any other lien on, any Receivable that relates to the relevant Parent Payment Obligation. The Platform Provider may, at its sole discretion, elect to either accept or decline to purchase the relevant Parent Payment Obligation and the Receivable related thereto by posting such acceptance or rejection on the SCF Platform in accordance with the terms of the relevant Discounted Payments Purchase Agreement. If the Platform Provider accepts such offer, it shall cause the Net Purchase Amount to be paid to the relevant Supplier bank account on either the same Business Day (if the acceptance takes place before 11:30AM CET) or the following Business Day (if the acceptance takes place after 11:30AM CET). Each such offer accepted by the Platform Provider pursuant to a Discounted Payments Purchase Agreement will result in the sale, assignment and transfer to the Platform Provider of all of such Supplier’s rights, title and interest in and to the relevant Parent Payment Obligation and the Receivable related thereto, without any further action or documentation on the part of the Supplier, the relevant Obligor or the Platform Provider being required.

The Supplier is deemed to represent and warrant to the Platform Provider upon the date of each offer (and the date of the relevant Initial Transfer) that, with respect to each Parent Payment Obligation (and any Receivable related thereto, where applicable), among other things: (i) the Supplier (solely) holds the full legal and beneficial right, title and interest in and to the relevant Parent Payment Obligation and the Receivable related thereto; (ii) the Supplier is entitled to sell and transfer the relevant Parent Payment Obligation and the Receivable related thereto to the Platform Provider pursuant to the terms of the relevant Discounted Payments Purchase Agreement, and the relevant Parent Payment Obligation and the Receivable related thereto is transferred to the Platform Provider following acceptance of the offer; (iii) no mortgage, charge, pledge, lien, other encumbrance or other personal right or right in rem exists in relation to the relevant Parent Payment Obligation or Receivable related thereto, and the relevant Parent Payment Obligation has not been transferred nor made subject to any mortgage, charge, pledge, lien, or other encumbrance in advance; and (iv) the Parent Payment Obligation and the Receivable related thereto is free of any adverse claims, including any lien, right of set-off, netting, abatement, reduction, claim, defence or counterclaim. Following each Initial Transfer, the Platform Provider, in its capacity as agent for the relevant Supplier, shall provide notice of such transfer to the Obligors’ Parent and the relevant Subsidiary Obligor.

Additionally, pursuant to the relevant Discounted Payments Purchase Agreement, any tax applicable to the transfer from the Supplier to the Platform Provider of a Parent Payment Obligation and any Receivable related thereto shall be solely payable by that Supplier. The Supplier also represents and warrants that upon payment by the Platform Provider of the outstanding amount owing under any Parent Payment Obligation to the relevant bank account established in such Supplier’s own name on the Confirmed Payment Date, the applicable Parent Payment Obligation shall be satisfied and the relevant Obligor’s obligation to pay the Supplier for the corresponding Receivable shall be extinguished in an amount equal to such amount paid.

Subject to the agreement of the relevant Suppliers to the standard form, each Discounted Payments Purchase Agreement gives the Platform Provider the right, without the consent of or notice to the Supplier, to assign, transfer, mortgage, charge or otherwise deal in any other manner with any or all of its rights and obligations under the relevant Discounted Payments Purchase Agreement, in whole or in part (including, for the avoidance of doubt, any of the Parent Payment Obligations and Receivables related thereto purchased by the Platform Provider



thereunder). In turn, pursuant to the Framework Assignment Agreement (as described above), the Platform Provider's right, title and interest in and to the whole of each VM Account Receivable are assigned to the Issuer. For a further description of the Discounted Payments Purchase Agreements, see "*Summary of Principal Documents—Discounted Payments Purchase Agreements*".

#### **Uploading of Receivables onto the SCF Platform and Purchase by the Platform Provider: the Accounts Payable Management Services Agreement**

On or before the Issue Date, the Platform Provider and the Obligors will enter into the Accounts Payable Management Services Agreement, or the APMSA. Under the terms of the APMSA, the Obligors are "Buyer Entities" who may upload Electronic Data Files containing details of Receivables payable to a Supplier on to the SCF Platform to enable the purchase by the Platform Provider of such Receivables (and the Parent Payment Obligations arising in respect thereof) from the relevant Supplier.

Additional Subsidiary Obligors may accede to the APMSA by entering into an accession letter (substantially in form set out in the APMSA) with the Platform Provider and the Obligors' Parent, and an existing Subsidiary Obligor may cease to be a "Buyer Entity" for the purposes of the APMSA if the Platform Provider or Obligors' Parent provides written notice to such effect. Pursuant to the Agency and Account Bank Agreement, the Obligors' Parent will undertake to the Issuer that the Obligors' Parent may notify the Platform Provider of a resignation of a Subsidiary Obligor only if all Outstanding Amounts owed by such Subsidiary Obligor (as principal obligor) in respect of its Assigned Receivables have been settled in accordance with the APMSA on or prior to the date of its resignation, and the Obligors' Parent will agree to promptly provide written notification of the same to the Issuer (or the Administrator on its behalf).

From time to time, an Obligor may execute an Upload and designate such uploaded Receivables as "approved". Each Approved Platform Receivable will initially give rise to a Parent Payment Obligation, being a new, independent and primary, irrevocable, legal, valid and binding obligation by VMIH to make payment or cause payment of the Certified Amount to be made to the relevant recipient on the Confirmed Payment Date in respect thereof. Each Obligor agrees that, immediately following such designation, the relevant Obligor shall pay the Certified Amount in full (without any deduction or withholding) and no Obligor shall be entitled to claim set-off or counterclaim against any party in relation to the payment of the whole or part of such Certified Amount. Upon each Initial Transfer (being the sale and assignment of a Parent Payment Obligation and the applicable Receivable related thereto from the Supplier to the Platform Provider through the SCF Platform), the relevant Parent Payment Obligation will become a Payment Obligation, pursuant to which each Obligor will become jointly and severally liable with each other Obligor to make payment or cause payment to be made to the relevant recipient on the Confirmed Payment Date in respect thereof. Each Obligor acknowledges that, upon such Initial Transfer, it and each other Obligor shall be liable by itself and for each other Obligor to pay the Certified Amount in full (without any deduction or withholding) and no Obligor shall be entitled to claim set-off or counterclaim against any party in relation to the payment of the whole or part of such Certified Amount.

The obligations of the Obligors described above will not be affected by an act, omission, matter or thing which, but for the relevant provisions of the Framework Assignment Agreement, would reduce, release or prejudice any of such obligations, including: (a) any time, waiver or consent granted to, or composition with, any Obligor or other person; (b) the release of any Obligor or other person under the terms of any composition or arrangement with any creditor of any person (other than the relevant recipient of any Parent Payment Obligation and the Receivable relating thereto); (c) any failure to realize the full value of any security; (d) any incapacity or lack of power, authority or legal personality of an Obligor or any other person; (e) any amendment, novation, supplement or restatement (however fundamental) or replacement of the APMSA or any other documents; (f) any unenforceability, illegality or invalidity or any obligation of any person under the APMSA; or (g) any insolvency or similar proceedings. Each Obligor also waives any right it may have of first requiring the Platform Provider to proceed against or enforce any other rights or security or claim from any person before claiming from them pursuant to the APMSA, regardless of any applicable law or provision to the contrary. The Obligors further agree to refrain from exercising any of the following rights which they may have under the APMSA until all amounts which may be or become payable by an Obligor in connection with the APMSA have been irrevocably paid in full: (a) to be indemnified by any other Obligor; (b) to claim contribution from any other guarantor of any Obligor's obligations under the APMSA; (c) to take the benefit of any rights of the Platform Provider under the APMSA in respect of the Obligors; (d) to bring legal or other proceedings for an order requiring any Obligor to make any payment or perform any other obligation in respect of which any Obligor has given an undertaking or indemnity under the provisions of the APMSA; (e) to exercise any right of set-off against any Obligor; and/or (f) to claim or prove as a creditor of any Obligor in competition with the Platform Provider.

The Obligors' Parent has notified the Platform Provider in writing that Eligible Platform Receivables (as defined and further described under "*Summary of Principal Documents—Accounts Payable Management Services Agreement*" elsewhere in this Offering Circular) may include those with a Confirmed Payment Date of up to 330 days (or, in the case of Receivables owing to specified Suppliers as notified by the Obligors' Parent to the Platform Provider, 360 days) from the issuance date of the relevant invoice. In respect of Initial Transfers of Receivables with a Confirmed Payment Date of:

- (i) up to 180 days from the issuance date of the relevant invoice, a margin of 2.50% per annum calculated on the basis of the relevant Outstanding Amounts (which includes the Platform Provider Processing Fee) over the base rate (the "**Margin**") applies to such Receivables; and
- (ii) up to 330 days (or, in the case of Receivables owing to specified Suppliers as notified by the Obligors' Parent to the Platform Provider, 360 days) from the issuance date of the relevant invoice, the Margin on such Receivables increases to 2.75% per annum calculated on the basis of the relevant Outstanding Amounts (which includes the Platform Provider Processing Fee) over the base rate, and

in each case, the relevant Margin applies from the date of the relevant Initial Transfer until the Confirmed Payment Date in respect of such Payment Obligation (and the Receivable related thereto, solely to the extent that such Receivable has been acquired by the Platform Provider). The base rate (being, in this case, GBP LIBOR with a floor of zero) is determined by the remaining tenor between the date of the relevant transfer and the Confirmed Payment Date (i.e. between 1 and 30 days, 1 month base rate will apply; between 31 and 60 days, 2 months base rate will apply). The applicable base rate plus the applicable Margin are used to calculate the Applied Discount that the Platform Provider will deduct from the Certified Amount in the case of transfer by the Platform Provider of the VM Account Receivable prior to the Confirmed Payment Date, and accordingly is used in the calculation of the Purchase Price Amount for each VM Account Receivable. The Margin under the APMSA may not be amended without the written consent of the Issuer, and pursuant to the terms of the other Transaction Documents, the Issuer will agree to provide its written consent to any amendment of the Margin (without being required to seek the consent of the Noteholders) so long as the obligations of the New VM Facilities Borrower in favour of the Issuer under Clause 11.2 ("*Facility Fees*") of the New VM Facilities Agreement remain in full force and effect.

If an Obligor wishes to reduce the amount of any Approved Platform Receivable for any reason (including as a result of any lien, right of set-off, defence, claim, counterclaim, or other certain adverse claim), it may post the amount to be deducted from such Approved Platform Receivable (each, a "**Credit Note**") as an entry in an Electronic Data File to the SCF Platform Website and such Credit Note will be allocated to the corresponding Payment Obligation on the following Business Day. No Credit Notes may be allocated to a Payment Obligation following the relevant Certified Amount Fixed Date; however, such Credit Note will be allocated to a Payment Obligation which has not yet been transferred through the SCF Platform in accordance with the terms of the APMSA. Additionally, each Obligor agrees to be responsible for the accuracy of all information submitted by them onto the SCF Platform Website in respect of VM Accounts Receivable and the Obligors' Parent agrees to comply with certain reporting requirements set out in the APMSA.

Under the APMSA, each Obligor represents, warrants and covenants to the Platform Provider at the date of an Upload resulting in any Payment Obligation arising and at the date of any transfer via the SCF Platform of a Payment Obligation and the Receivable related thereto (solely to the extent that such Receivable has been acquired by the Platform Provider) (including each Assignment Date), as applicable, among other things: (i) that the Approved Platform Receivable relating to each Payment Obligation meets certain criteria under the APMSA, including (but not limited to) having a Confirmed Payment Date of no more than 180, 330 or 360 days, as applicable, from the issuance date of the relevant invoice and being denominated in an agreed currency; (ii) that the Approved Platform Receivable is not subject to any mortgage, charge, pledge, lien, other encumbrance or other personal right or right in rem of any third party and has, to the best of the relevant Obligor's knowledge, not been transferred or transferred in advance; (iii) that each Payment Obligation and the Receivable related thereto (solely to the extent that such Receivable has been acquired by the Platform Provider) is free of any adverse claims, including any lien, right of set-off, netting, abatement, reduction, claim, defence or counterclaim; (iv) that each Payment Obligation and Receivable related thereto (solely to the extent that such Receivable has been acquired by the Platform Provider) can be validly transferred in accordance with the terms of the APMSA; and (v) that each Payment Obligation will be settled by an Obligor by the payment of the relevant Certified Amount on the relevant Confirmed Payment Date without withholding, deduction or set-off.

## **Assignment of the VM Accounts Receivable by the Platform Provider to the Issuer: the Framework Assignment Agreement**

On or about the Issue Date, the Issuer, as purchaser, will enter into the Framework Assignment Agreement with, among others, the Platform Provider, the Obligors' Parent, The Bank of New York Mellon, London Branch as administrator and Virgin Media Ireland Ltd. as the "Excluded Buyer" (the "**Excluded Buyer**"). Under the Framework Assignment Agreement, from time to time commencing on the Issue Date, the Issuer may purchase and have assigned to it on a non-recourse basis, up to the total amount of Committed Principal Proceeds, and the Platform Provider may sell and assign on a non-recourse basis, eligible VM Accounts Receivable that are made available by Suppliers and uploaded by the Obligors to the SCF Platform.

Each VM Account Receivable to be purchased by the Issuer must meet, and the Obligors' Parent will represent and warrant (on behalf of itself and as agent for the Obligors) on the date of each Assignment (each such date, an "**Assignment Date**") in accordance with the Framework Assignment Agreement, that such VM Account Receivable meets, the following eligibility criteria: that such VM Account Receivable (i) (with respect to the Payment Obligation component of such VM Account Receivable only) is owed by the Obligors on a joint and several basis; (ii) (with respect to the Payment Obligation component of such VM Account Receivable only) is governed by English law; (iii) is denominated in pounds sterling; (iv) is the legal, valid and binding obligation of the Obligors party thereto; (v) is capable of being freely and validly transferred in the manner provided by the Framework Assignment Agreement, so that on purchase the Issuer will receive good title; (vi) is due and payable in full without any right of set-off, counterclaim or deduction in favor of the Obligors; and (vii) has a maturity date that is no later than two Business Days prior to the Maturity Date of the Notes. Additionally, immediately prior to each Assignment Date, the Platform Provider will represent and warrant that it is entitled to assign the relevant Payment Obligation pursuant to the terms of the Framework Assignment Agreement, and that it has not assigned, transferred or otherwise disposed of, or created any encumbrance or security interest over, such Payment Obligation. Furthermore, the Platform Provider will undertake that it will not, without the consent of the Issuer, take any action that would adversely affect a Payment Obligation or the Issuer's interest(s) therein (as further described in "*Summary of Principal Documents—Framework Assignment Agreement*" included elsewhere in this Offering Circular).

Each Payment Obligation will be the joint and several obligation of VMIH and each of the Subsidiary Obligors. On the Issue Date, the eligible Subsidiary Obligors will be Virgin Media Limited, Virgin Mobile Telecoms Limited and Virgin Media Senior Investments Limited. For the avoidance of doubt, although the Excluded Buyer is historically a "Buyer Entity" under the APMSA, it will not be an eligible Subsidiary Obligor under the Framework Assignment Agreement on and following the Issue Date, and therefore, none of the Assigned Receivables will be owed by it. For a further description of the release and discharge of the Excluded Buyer from any and all obligations owed to the Issuer in accordance with the Framework Assignment Agreement, see "*Summary of Principal Documents—Framework Assignment Agreement*" found elsewhere in this Offering Circular.

### *Purchases of VM Accounts Receivable with Requested Purchase Price Amounts*

On or shortly following the Issue Date (as further described in "*Description of Virgin Media—Capitalization of Virgin Media*" included elsewhere in this Offering Circular), the Platform Provider is expected to sell and assign to the Issuer VM Accounts Receivable for a Requested Purchase Price Amount of £334.3 million, which the Issuer will fund with all or a portion of the Committed Principal Proceeds. See the section entitled "*Use of Proceeds*" included elsewhere in this Offering Circular. In connection with such sale and assignment, the Platform Provider will deliver to the Issuer:

1. an Assignment Framework Note to be accepted and agreed to by the Issuer, pursuant to which the Issuer will agree, among other things, to purchase Payment Obligations (and the Receivables related thereto, solely to the extent that such Receivables have been acquired by the Platform Provider), in whole but not in part, issued by the Obligors at the relevant Purchase Price Amounts in an aggregate amount equal to a limit (in respect of purchased Payment Obligations which have not been settled) specified therein (the "**Purchase Limit**"); and
2. one or more Assignment Notices instructing the Issuer to pay to the Platform Provider, as consideration for the sale and assignment of the relevant VM Accounts Receivable, a requested amount (a "**Requested Purchase Price Amount**") on the date falling five Business Days following receipt by the Issuer of such Assignment Notice (a "**Value Date**").

As used herein, a "**Purchase Price Amount**" means, in relation to any VM Account Receivable, an amount equal to the Outstanding Amount (as defined below) of such VM Account Receivable *less* the Applied Discount

(as defined in the context of the Framework Assignment Agreement) (as defined below) calculated as at the relevant Assignment Date. “**Outstanding Amount**” means, with respect to a Payment Obligation, an amount equal to (i) the gross amount of the Approved Platform Receivable in respect of which the Payment Obligation arose, *less* (ii) the sum of all Credit Notes allocated to that Payment Obligation pursuant to the terms of the APMSA. “**Applied Discount**” refers (i) in the context of the APMSA, to the discount amount that the Platform Provider will deduct from the Certified Amount in case of a transfer of the Payment Obligation prior to the Confirmed Payment Date pursuant to the terms of the APMSA and each relevant Discounted Payments Purchase Agreement and (ii) in the context of the Framework Assignment Agreement, to the discount amount that the Platform Provider will deduct from the Certified Amount in the case of a transfer of the Payment Obligation prior to the Confirmed Payment Date pursuant to the terms of the APMSA and each relevant Discounted Payments Purchase Agreement, *less* the Platform Provider Processing Fee.

From time to time following the Issue Date, the Platform Provider may, at its discretion (but not more than once per week prior to the service of a notice of termination (as further described below)) and to the extent that the Requested Purchase Price Amount specified in such Assignment Notice together with all other outstanding Requested Purchase Price Amounts which have not been applied towards the purchase of VM Accounts Receivable would not exceed £50.0 million at such time (the “**Requested Purchase Price Amount Aggregate Limit**”), serve further Assignment Notices (which may also be Primary Assignment Notices (as defined and further described below under “—*Collections on Assigned Receivables and Further Purchases of VM Accounts Receivable with Collected Principal Amounts*”)) to the Issuer pursuant to the relevant Assignment Framework Note.

Following the receipt of an Assignment Notice, so long as no Non-Compliance Event (as defined below) has occurred and is continuing, the Issuer will pay, on the relevant Value Date, the relevant Requested Purchase Price Amount (which may be adjusted as further described below) to the Platform Provider, which shall have the effect of the Platform Provider immediately selling and assigning, without further action on the part of any person or entity, all of its rights, title and interest in and to the relevant Payment Obligations (and the Receivables related thereto, solely to the extent that such Receivables have been acquired by the Platform Provider) at the relevant Purchase Price Amounts to the Issuer pursuant to the relevant Assignment Framework Note. The Platform Provider, the Issuer and the Obligor’s Parent shall concurrently release and discharge the Excluded Buyer from any and all obligations owed to the Issuer in accordance with the Framework Assignment Agreement and as further described under “*Summary of Principal Documents—Framework Assignment Agreement*”. The assignment of any Payment Obligation (and the Receivable in respect of which such Payment Obligation has arisen, solely to the extent that such Receivable has been acquired by the Platform Provider) from the Platform Provider to the Issuer, (each pursuant to the Framework Assignment Agreement), is referred to herein as an “**Assignment**”.

The Requested Purchase Price Amount (and the corresponding VM Accounts Receivable) will be adjusted if the aggregate of all Requested Purchase Price Amounts, together with (without double counting) the aggregate of all Purchase Price Amounts in respect of outstanding Assigned Receivables would be higher than the relevant Purchase Limit specified in that Assignment Framework Note. In such event, the Issuer must notify the Platform Provider within two Business Days of receipt of the relevant Assignment Notice (i) of such circumstance and (ii) that the Requested Purchase Price Amount will (A) be reduced to equal the amount which would cause the aggregate Requested Purchase Price Amount, together with (without double counting) the aggregate of all Purchase Price Amounts in respect of outstanding Assigned Receivables to equal such Purchase Limit and/or (B) cancelled to the extent necessary such that the relevant assignment is for the whole, and not part, of the VM Accounts Receivable.

The Issuer will not be obliged to pay a Requested Purchase Price Amount specified in an Assignment Notice if any of the following events (each, a “**Non-Compliance Event**”) have occurred and is continuing (provided that the Issuer notifies the Platform Provider, within two Business Days of the receipt of such Assignment Notice, that one or more Non-Compliance Events have occurred and of the Issuer’s intention not to comply with such Assignment Notice): (i) if the Framework Assignment Agreement or relevant Assignment Framework Note has been terminated prior to the date of such Assignment Notice; (ii) if the terms and conditions of such Assignment Notice materially deviate from the terms and conditions of the Framework Assignment Agreement or the relevant Assignment Framework Note; (iii) if a Buyer Event of Default (as defined below) is continuing in respect of any Obligor; and/or (iv) if a specified insolvency event occurs in respect of the Platform Provider which directly results in the Platform Provider not continuing its business as contemplated under the Framework Assignment Agreement. If, following the receipt of a Requested Purchase Price Amount on a Value Date, the Platform Provider has acquired (or determines that it will on such Value Date acquire) insufficient VM Accounts



Receivable to apply the whole of the Requested Purchase Price Amount received on such Value Date, the Platform Provider will either (i) serve, on such Value Date, one or more notices (substantially in the form set out in the Framework Assignment Agreement, each, a **“Purchase Price Return Notice”**) to the Issuer and, on the Business Day following the date of such Purchase Price Return Notice (a **“Settlement Date”**), pay to the Issuer Collection Account, the excess Requested Purchase Price Amount not applied towards the purchase of VM Accounts Receivable (such excess, the **“Excess Requested Purchase Price Amount”**); or (ii) retain such Excess Requested Purchase Price Amount for a period of up to four Business Days following such Value Date (an **“Excess Retention Period”**, and the final day thereof (which, at the Platform Provider’s discretion, may occur prior to the fourth Business Day following such Value Date), the **“Excess Retention Period End Date”**) to be applied towards the purchase of any VM Accounts Receivable arising during such Excess Retention Period. If the Platform Provider chooses to retain such Excess Requested Purchase Price Amount, it further agrees that (i) if the Platform Provider acquires any VM Accounts Receivable during such Excess Retention Period, it will sell and assign such VM Accounts Receivables to the Issuer (and the Platform Provider will be deemed to have served an Assignment Notice in respect of such Assigned Receivables); and (ii) on the Business Day prior to the Excess Retention Period End Date, the Platform Provider will serve a Purchase Price Return Notice in respect of any remaining Excess Requested Purchase Price Amount to the Issuer, and subsequently pay such remaining Excess Requested Purchase Price Amount to the Issuer Collection Account on such Excess Retention Period End Date, together with all Excess Requested Purchase Price Interest (as defined below) due in respect thereof. **“Excess Requested Purchase Price Interest”** shall accrue daily at the Funding Rate, calculated on any Excess Requested Purchase Price Amount retained by the Platform Provider (and not applied towards the purchase of VM Accounts Receivable), from (and including) the first day of the relevant Excess Retention Period to (and including) the relevant Excess Retention Period End Date, or such later date on which the Issuer receives such Excess Requested Purchase Price Amount together with all interest due in respect thereof. As used herein, **“Funding Rate”** means a rate equal to the per annum margin specified in Clause 13.1 of the APMSA (less the Platform Provider Processing Fee) over 1-month GBP Libor; *provided that* if 1-month GBP Libor is less than zero, 1-month GBP Libor shall be deemed to be zero.

Additionally, if on any Business Day the aggregate Requested Purchase Price Amounts held by the Platform Provider (and not applied towards the purchase of VM Accounts Receivable) exceeds the Requested Purchase Price Amount Aggregate Limit (such excess, an **“Aggregate Amount Excess”**), the Platform Provider will immediately serve a Purchase Price Return Notice in respect of such Aggregate Amount Excess, and pay such Aggregate Amount Excess to the Issuer Collection Account on the relevant Settlement Date. Any Aggregate Amount Excess not returned to the Issuer by the relevant Settlement Date (such amount, a **“Delayed Aggregate Amount”**) shall accrue interest daily at the Funding Rate, calculated from (and including) such Settlement Date to (and including) such later date on which the Issuer receives the Delayed Aggregate Amount, together with all interest due in respect thereof (the **“Delayed Aggregate Amount Interest”**).

#### *Collections on Assigned Receivables and Further Purchases of VM Accounts Receivable with Collected Principal Amounts*

Prior to the service of an Obligor Enforcement Notification, the Platform Provider will act as collection agent for the Issuer in respect of any Collected Amounts received or recovered relating to Assigned Receivables, in accordance with the SCF Platform Documents. Except in circumstances where certain Collected Principal Amounts are applied towards the purchase of new VM Accounts Receivable (as further described below), the Platform Provider will apply any Collected Amount, within one Business Day of receipt or recovery thereof (such scheduled date of application, a **“Collected Amount Forwarding Date”**), in or towards the repayment to the Issuer of an amount equal to the Outstanding Amount of the relevant Assigned Receivables (to the extent that such Assigned Receivables remain outstanding and has not been settled or otherwise paid to the Issuer).

From time to time, the Platform Provider may serve an Assignment Notice (a **“Primary Assignment Notice”**) which states that any Collected Principal Amounts in respect of Assigned Receivables relating to such Primary Assignment Notice are to be treated as further payments of Requested Purchase Price Amounts. So long as (i) no Non-Compliance Event has occurred and is continuing (and in respect of which the Issuer has notified the Platform Provider that the purchase mechanics described in this paragraph will not apply), (ii) the Requested Purchase Price Amount Aggregate Limit will not be exceeded upon the deemed payment of the Requested Purchase Price Amount in the New Assignment Notice (as defined below), upon receipt by the Platform Provider of any Collected Amount on an Assigned Receivable relating to such Primary Assignment Notice, or (iii) no notice of termination has been served (as further described below), then (i) the Platform Provider will be deemed to have served an Assignment Notice on exactly the same terms as the Primary Assignment Notice, except for the Requested Purchase Price Amount (which will be equal to the Collected Principal Amount that would otherwise



be due and payable to the Issuer) (such notice, the “**New Assignment Notice**”); and (ii) the Platform Provider’s obligation to pay such Collected Principal Amount to the Issuer will be set off against the Issuer’s obligation to pay the Requested Purchase Price Amount under the New Assignment Notice. For the avoidance of doubt, the purchase mechanics described in this paragraph will not affect the Platform Provider’s obligation to pay to the Issuer any Premium on the relevant Collected Amount Forwarding Date. If, three Business Days following the service of a New Assignment Notice, the Platform Provider still holds any Collected Amounts which have not been utilised for the purchase of new VM Accounts Receivable (such amounts, “**Unutilised Collected Amounts**”), the Platform Provider will immediately serve a Purchase Price Return Notice to the Issuer in respect of such Unutilised Collected Amounts, and will pay such Unutilised Collected Amounts to the Issuer Collection Account on the relevant Settlement Date. The Platform Provider will pay the Issuer interest on any Retained Collected Amounts (being any Collected Amount which has not been paid to the Issuer towards satisfaction of the relevant Outstanding Amount and not been used to purchase further VM Accounts Receivable as described above). Interest on Retained Collected Amounts shall accrue daily at the Funding Rate, calculated from (and including) the relevant scheduled Collected Amount Forwarding Date to (and including) the relevant Settlement Date or such later date on which the Issuer receives the Retained Collected Amount, together with all interest due in respect thereof, as the case may be, and will be paid to the Issuer Collection Account on the relevant Settlement Date or such later date, as applicable.

#### **Implementation of an Additional Online System: an SCF Platform Addition**

At any time after the Issue Date, VMIH and the Subsidiary Obligors may, at their option, elect to participate in an additional online system established and administered by another Platform Provider. In connection with any SCF Platform Addition, VMIH and the Subsidiary Obligors may enter into additional accounts payable management services agreements (or equivalent) and the Issuer may (and upon request by VMIH, shall) enter into one or more additional receivables assignment agreements (or equivalent), pursuant to which the Issuer will purchase eligible VM Accounts Receivable from such additional Platform Provider. The consent of the Noteholders will not be required for VMIH, the Subsidiary Obligors and the Issuer to give effect to any SCF Platform Addition (including the modification of any Transaction Documents to implement such SCF Platform Addition), and the Administrator will enter into any SCF Platform Addition Documentation if the Administrator receives written confirmation from VMIH (with a copy to the Notes Trustee) that, in VMIH’s determination, the entry into such SCF Platform Addition Documentation is reasonably required to implement such SCF Platform Addition and does not materially and adversely affect the interests of the Noteholders.

## DESCRIPTION OF VIRGIN MEDIA

### BUSINESS OF VIRGIN MEDIA

*In this “Business of Virgin Media” section, unless the context otherwise requires, the terms “we,” “our,” “our company,” “us” and “Virgin Media” refer, as the context requires, to Virgin Media and its consolidated subsidiaries. Unless otherwise indicated, operational and statistical data, including subscriber statistics and product offerings, are as of June 30, 2016.*

#### Introduction

We are a subsidiary of Liberty Global plc (“**Liberty Global**”) that provides video, broadband internet, fixed-line telephony and mobile services in the U.K. and Ireland. We are one of the U.K.’s and Ireland’s largest providers of residential video, 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 television services available in the U.K. and Irish markets.

Our residential broadband subscribers generally access the internet at various download speeds ranging up to 200 Mbps in the U.K. and up to 360 Mbps in Ireland, 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 (“**PPV**”) programming (including digital cable-on-demand), digital cable recorders, high definition (“**HD**”), and 3D programming and access to over-the-top (“**OTT**”) content.

We provide mobile services to our customers in the U.K. and Ireland using third-party networks through MVNO arrangements.

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

Liberty Global is the world’s largest international TV and broadband company, with operations in more than 30 countries across Europe, Latin America and the Caribbean. Liberty Global invests in the infrastructure that empowers its customers to make the most of the digital revolution. Its scale and commitment to innovation enables it to develop market-leading products delivered through next-generation networks that connect its 29 million customers who subscribe to over 59 million television, broadband internet and telephony services. Liberty Global also serves 11 million mobile subscribers and offers WiFi service across seven million access points.

#### Operating Statistics

The following table shows our operating statistics as of June 30, 2016:

	<u>U.K.</u>	<u>Ireland</u>	<u>Combined</u>
<b>CABLE</b>			
<b>Footprint</b>			
Homes Passed (1) . . . . .	13,072,300	837,600	13,909,900
Two-way Homes Passed (2) . . . . .	13,057,000	784,400	13,841,400
<b>Subscribers (RGUs) (3)</b>			
Basic Video (4) . . . . .	—	29,800	29,800
Enhanced Video (5) . . . . .	3,712,600	293,500	4,006,100
Total Video . . . . .	3,712,600	323,300	4,035,900
Internet (6) . . . . .	4,808,000	364,200	5,172,200
Telephony (7) . . . . .	4,387,800	352,100	4,739,900
Total RGUs . . . . .	<u>12,908,400</u>	<u>1,039,600</u>	<u>13,948,000</u>

	<u>U.K.</u>	<u>Ireland</u>	<u>Combined</u>
<b>Customer Relationships</b>			
Customer Relationships (8) . . . . .	5,200,900	461,500	5,662,400
RGUs per Customer Relationship . . . . .	2.48	2.25	2.46
<b>Customer Bundling</b>			
Single-Play . . . . .	15.9%	21.5%	16.3%
Double-Play . . . . .	20.0%	31.8%	21.0%
Triple-Play . . . . .	64.1%	46.7%	62.7%
Fixed-Mobile Convergence (9) . . . . .	20.6%	2.3%	19.3%
<b>MOBILE</b>			
<b>Mobile Subscribers (10)</b>			
Postpaid . . . . .	2,344,400	11,800	2,356,200
Prepaid . . . . .	677,000	—	677,000
Total Mobile subscribers . . . . .	<u>3,021,400</u>	<u>11,800</u>	<u>3,033,200</u>

- (1) Homes Passed are homes, residential multiple dwelling units or commercial units that can be connected to our networks 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.
- (2) Two-way Homes Passed are Homes Passed by those sections of our networks that are technologically capable of providing two-way services, including video, internet and telephony services.
- (3) Revenue Generating Unit (“RGU”) is separately a Basic Video Subscriber, Enhanced Video Subscriber, Internet Subscriber or Telephony Subscriber (each as defined and described below). A home, residential multiple dwelling unit, or commercial unit may contain one or more RGUs. For example, if a residential customer subscribed to our enhanced video service, fixed-line telephony service and broadband internet service, the customer would constitute three RGUs. Total RGUs is the sum of Basic Video, Enhanced Video, Internet and Telephony Subscribers. RGUs generally are counted on a unique premises basis such that a given premises does not count as more than one RGU for any given service. On the other hand, if an individual receives one of our services in two premises (e.g. a primary home and a vacation home), that individual will count as two RGUs for that service. Each bundled cable, internet or telephony service is counted as a separate RGU regardless of the nature of any bundling discount or promotion. Non-paying subscribers are counted as subscribers during their free promotional service period. Some of these subscribers may choose to disconnect after their free service period. Services offered without charge on a long-term basis (e.g., VIP subscribers, free service to employees) generally are not counted as RGUs. We do not include subscriptions to mobile services in our externally reported RGU counts. In this regard, our June 30, 2016 RGU counts exclude our separately reported postpaid and prepaid mobile subscribers.
- (4) Basic Video Subscriber is a home, residential multiple dwelling unit or commercial unit that receives our video service over our broadband network either via an analog video signal or via a digital video signal without subscribing to any recurring monthly service that requires the use of encryption-enabling technology. Encryption-enabling technology includes smart cards, or other integrated or virtual technologies that we use to provide our enhanced service offerings. With the exception of RGUs that we count on an equivalent billing unit (“EBU”) basis, we count RGUs on a unique premises basis. In other words, a subscriber with multiple outlets in one premises is counted as one RGU and a subscriber with two homes and a subscription to our video service at each home is counted as two RGUs.
- (5) Enhanced Video Subscriber is a home, residential multiple dwelling unit or commercial unit that receives our video service over our broadband network or through a partner network via a digital video signal while subscribing to any recurring monthly service that requires the use of encryption-enabling technology. Enhanced Video Subscribers that are not counted on an EBU basis are counted on a unique premises basis. For example, a subscriber with one or more set-top boxes that receives our video service in one premises is generally counted as just one subscriber. An Enhanced Video Subscriber is not counted as a Basic Video Subscriber. As we migrate customers from basic to enhanced video services, we report a decrease in our Basic Video Subscribers equal to the increase in our Enhanced Video Subscribers.
- (6) Internet Subscriber is a home, residential multiple dwelling unit or commercial unit that receives internet services over our networks. Our Internet Subscribers do not include customers that receive services from dial-up connections.
- (7) Telephony Subscriber is a home, residential multiple dwelling unit or commercial unit that receives voice services over our networks. Telephony Subscribers exclude mobile telephony subscribers.
- (8) Customer Relationships are the number of customers who receive at least one of our video, internet or telephony services that we count as RGUs, without regard to which or to how many services they subscribe.

To the extent that RGU counts include EBU adjustments, we reflect corresponding adjustments to our Customer Relationship counts. 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-only customers from Customer Relationships.

- (9) Fixed-mobile Convergence penetration represents the number of customers who subscribe to both our internet service and postpaid mobile telephony service, divided by the number of customers who subscribe to our internet service.
- (10) Our mobile subscriber count represents the number of active subscriber identification module (SIM) cards in service rather than services provided. For example, if a mobile subscriber has both a data and voice plan on a smartphone this would equate to one mobile subscriber. Alternatively, a subscriber who has a voice and data plan for a mobile handset and a data plan for a laptop (via a dongle) would be counted as two mobile subscribers. Customers who do not pay a recurring monthly fee are excluded from our mobile telephony subscriber counts after a 30 day period of inactivity.

## **Products and Services in the U.K.**

### ***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 June 30, 2016, 84% of our cable customers received multiple services from us and 64% were “triple-play” customers, receiving broadband internet, video and fixed-line telephony services.

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 580 representatives, as well as comprehensive national and regional mass media advertising initiatives. We have a national retail store base with approximately 85 retail stores and approximately 140 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 June 30, 2016, we employed approximately 2,600 staff members in our call centers. We also use outsourced call centers in the U.K., Philippines and India.

### ***Broadband Internet***

We deliver ultrafast broadband internet services to customers on our cable network. As of June 30, 2016, we provided cable broadband services to approximately 4.8 million subscribers. We are one of the leading providers of broadband internet access in the U.K.

We currently offer three tiers of cable broadband services to new subscribers with unlimited downloads at speeds of up to 50 Mbps, 100 Mbps and 200 Mbps.

### ***Television***

Our digital cable platform includes access to over 290 linear television channels, advanced interactive features and a range of premium subscription-based and PPV services. As of June 30, 2016, 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 Virgin TV On Demand, one of the most comprehensive digital cable-on-demand services in the U.K., and Virgin TV Anywhere, one of the most comprehensive cloud-based entertainment services in the U.K., which are described below.

We also offer interactive “red button” applications from the British Broadcasting Corporation (“BBC”) and other commercial broadcasters, such as Sky and BT Sport. 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.

### *TiVo and Digital Cable Recorders*

We offer two 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, TiVo is the exclusive provider of user interface software for our 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 set-top box is available in both 1TB and 500GB sizes, with the 1TB version recording up to 500 hours of television. It brings together television, digital cable-on-demand and OTT 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, the BBC iPlayer and YouTube. As of June 30, 2016, we had approximately 3.0 million TiVo customers, or 82% of our television customer base.

### *Virgin TV On Demand*

Our digital cable-on-demand service 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 PPV events. Content is available in broadcast standard definition (“SD”) and HD. Our HD content is available to all of our digital cable customers who have an 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 television customers. The BBC iPlayer is the largest catch-up television service we offer, enabling viewers to view more than 700 hours of BBC programs. Our catch-up television also includes content from All 4, Demand 5, ITV Player and other linear channels.

### *Subscription Video On Demand*

We offer our television customers basic subscription digital cable-on-demand (“SVOD”) with a selection of content that increases in number in line with the customer’s digital cable subscription tier.

The Sky On Demand service allows our customers to access approximately 1,000 hours of television content from across Sky’s range of basic channels, and around 1,000 movie titles being made available to Virgin Media subscribers of Sky Movies. Other content providers include BBC Worldwide, Sony, Viacom, NBCU and A&E Networks. Tailored advertising is also inserted across many providers within the basic television SVOD and free catch-up services.

### *Virgin Movies*

Our PPV movie service, Virgin Movies, offers approximately 500 titles from all the major studios, most of which are available for rent on the same day as their DVD release and some the same day as their cinema release. All our digital cable customers have access to Virgin Movies, which, after purchase, may be viewed multiple times within a 48-hour window. The Virgin Movies online service is available to both subscribers and non-subscribers to our digital cable service.

### *Virgin TV Anywhere*

In November 2012, we launched Virgin TV Anywhere, one of the U.K.’s most comprehensive internet streaming television services that allows our television customers to stream up to 119 live television 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 119 live television channels, manage their TiVo box and discover new shows on these mobile devices. 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. Virgin Media subscribers of Sky Sports or Sky Movies are able to stream these premium channels online or on iOS and Android mobile devices through Sky-provided services.

### ***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. As of June 30, 2016, we provided fixed-line telephony services to approximately 4.4 million residential subscribers.

### ***Mobile***

Our mobile communication services are provided using the mobile network owned by EE Limited (“EE”) through an MVNO arrangement. We offer a broad range of mobile communications products and services, including mobile voice services and data services, such as short message service (“SMS”), picture messaging, games, news and music services. We also offer a broad range of handsets, including Android-based, Microsoft Windows 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 alongside a ‘Freestyle’ handset purchase agreement, and prepaid customers, who top up their accounts prior to using the services and have no minimum contracted term. We also offer ‘Freestyle’ mobile contracts, providing customers with the flexibility to purchase a handset independently of an airtime contract.

As of June 30, 2016, we had approximately 3.0 million mobile services customers, of which approximately 2.3 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.

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

Through the Virgin Media Business brand, we offer a broad portfolio of business-to-business (“B2B”) voice, data and internet solutions to small businesses, medium and large enterprises and public sector organizations in the U.K., ranging from analog telephony to managed data networks and managed communication services. We also provide services to small businesses and medium enterprise 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 42,000 U.K. businesses and over 3,000 public sector organizations. 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 (“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 (“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 voice over IP (“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 for 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 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 provide a mobile service to public and private sector B2B customers, providing voice and 3G and 4G data services as a reseller of EE’s business services. As a result, we now 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*

We offer SME and SOHO customers a selection of ultrafast 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. In January 2016, Virgin Media Business launched the U.K.’s fastest, widely available broadband speed for small businesses, a service offering up to 300 Mbps speed service.

## **Our Network in the U.K.**

We deliver voice, video and high-speed data services over our cable access network, which covers parts of many metropolitan areas in the U.K. 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 200 Mbps. We have also conducted trials of 300 Mbps, 1 Gbps and 1.5 Gbps downstream speeds. For fixed-line telephony services, we use a twisted copper pair. 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. In recent years, we completed the upgrade from analog to digital across virtually all of our hybrid fiber coaxial access network footprint. As of June 30, 2016, virtually all of the homes served by our cable network could receive all our broadband, digital television and fixed-line telephony services.

During 2015, we initiated the Network Extension pursuant to which we may connect up to an estimated four million additional homes and businesses to our broadband communications network by the end of 2019. For more information regarding the Network Extension, see “*Description of Virgin Media—Management’s Discussion and Analysis of Financial Condition and Results of Operations of Virgin Media*”.

## **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 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 (“**FTTC**”) technology, but service providers using BT’s existing network are subject to performance constraints as a result of copper based services degrading over distance which affect data download. 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 television services, broadband internet and fixed-line telephony services to residential users exclusively in areas served by our cable network. We also offer broadband internet, data services, fixed-line telephony and mobile telephony and data services to business users throughout the U.K., using both our own network and wholesale inputs from other providers. Our primary competitors are BT (which now owns and operates mobile operator, EE), Sky, TalkTalk Telecom Group plc (“**TalkTalk**”), Vodafone Limited (“**Vodafone**”), Hutchison 3G UK Limited (which operates in the U.K. as “**3 UK**”) 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 retail provider, serving approximately 32% of the total broadband internet market in the U.K. We serve approximately 19% of the total broadband market in the U.K.

BT provides broadband internet access services over its own DSL access network and is advanced in its upgrade to FTTC, which is currently available to approximately 90% of the U.K. with the intention of reaching 95% of the U.K. by 2017. BT's local access network is managed by its Openreach division, via which access for BT retail divisions and for competing providers on a wholesale basis is provided. BT has also trialed G.Fast technology, which may allow its retail arm, and its wholesale customers, to offer ultrafast broadband services, potentially up to 500 Mbps.

Operators such as Sky, TalkTalk and EE deploy their own network access equipment in BT exchanges via a process known as local loop unbundling ("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 long-term evolution, or LTE, and 4G mobile technology) and other wireless technologies, such as WiFi and Worldwide Interoperability for Microwave Access ("Wi-Max"). For example, EE (now owned and operated by BT) has also announced that its 4G coverage has reached over 96% of the U.K. population.

### **Television**

We are the largest cable television provider in the U.K. in terms of the number of video 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 we serve approximately 13% of the U.K. television market. Our digital television services compete primarily with those of Sky and BT. Sky is the primary pay satellite television platform in the U.K. with approximately 8.0 million subscribers, or 28% of the U.K. television market. Sky owns the U.K. rights to SD, HD and 3D versions, as the case may be, of various sports and movie programming content. Sky 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 launched its own premium BT Sport channels, providing a range of sports content including football from the English Premier League and, for 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 IPTV platform, Sky's satellite system and our cable network. BT is currently offering customers who subscribe to their BT television service or EE mobile services free access to some of the SD version of BT Sport channels. BT has also launched a BT Sport Ultra HD channel.

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 television service to U.K. homes was launched by YouView, a joint venture which includes Arqiva, BBC, BT, Channel 4, Channel 5, ITV plc ("ITV"), and TalkTalk. Consumers are able to purchase a box from retailers or get a free subsidized box as part of a bundled package (television, broadband and telephony) with providers BT and TalkTalk.

Residential customers may also receive digital terrestrial television ("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 150 subscription-free television channels, including selected HD channels such as BBC 1 HD, ITV HD and Channel 4 HD. Freesat also offers a range of satellite boxes offering access to catch-up television services under the brand Freetime, and a range of digital video recorders ("DVR") under the brand Freesat+. In 2016, Vodafone expects to launch its own television service to allow it to offer quad-play services in the U.K.

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. Sky also offers live streamed television 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 Sky, and mobile telephone operators such as EE (now owned and operated by BT), Vodafone and 3 U.K. Our share of the fixed-line telephony market in the U.K. is approximately 15%.

We compete with mobile telephone businesses 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 WiFi connections. These services are offered by independent providers, such as WhatsApp and Skype, as well as those affiliated with established competitors, such as BT (which now owns and operates 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 ("MNOs"), such as BT (through its wholly owned subsidiary, EE), O2, 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 the U.K. Office of Communications ("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 these existing competitors.

In February 2015, BT announced that it had agreed to acquire EE, subject to regulatory clearance by the U.K.'s Competition and Markets Authority ("CMA"). On January 15, 2016, the CMA issued its final decision clearing the transaction unconditionally, enabling BT to close the transaction on January 29, 2016. On May 11, 2016 the European Commission blocked the proposed acquisition of O2 U.K. by Hutchinson Whampoa (owners of 3 U.K.).

### ***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 competition 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.



## Virgin Media Ireland

On February 12, 2015, we acquired a 65.0% controlling interest in Virgin Media Ireland Ltd. (“**VM Ireland**”), formerly known as UPC Broadband Ireland Ltd., and its subsidiaries from a subsidiary of Liberty Global outside of the Virgin Media borrowing group (the “**VM Ireland Acquisition**”). The remaining 35.0% noncontrolling interest in VM Ireland was acquired by another subsidiary of Liberty Global outside of the Virgin Media borrowing group.

In connection with the VM Ireland Acquisition, we (i) paid aggregate cash consideration of €1,341.3 million (£993.8 million at the transaction date) to acquire (a) the controlling interest in VM Ireland and (b) another Liberty Global’s subsidiary’s right to receive €634.3 million (£470.0 million at the transaction date) from a VM Ireland subsidiary pursuant to a promissory note (the “**VM Ireland Note**”) and (ii) received a €165.6 million (£122.7 million at the transaction date) cash payment from Liberty Global Europe 2 Limited (“**LG Europe 2**”), our immediate parent, formerly known as Lynx Europe 2 Limited, on an 8.5% note receivable due 2023. The €1,341.3 million (£993.8 million at the transaction date) of consideration issued in connection with the VM Ireland Acquisition was recorded as a capital transaction during the first quarter of 2015. Following our February 2015 acquisition of the right to receive €634.3 million (£470.0 million at the transaction date) pursuant to the VM Ireland Note, the amounts receivable and payable pursuant to the VM Ireland Note eliminate in consolidation. The impact of the elimination of the amount payable under the VM Ireland Note has been reflected as a deemed contribution in our consolidated statement of owners’ equity for the year ended December 31, 2015.

VM Ireland is the largest cable television operator in Ireland by number of customers. VM Ireland provides video, broadband internet and fixed and mobile telephony services in five regional clusters in Ireland, including the cities of Dublin, Cork, Galway and Limerick to both residential and B2B customers. As of June 30, 2016, VM Ireland provided services to an aggregate of 461,500 customers, comprising 1.0 million RGUs (including 323,300 video subscribers, 364,200 broadband internet subscribers, and 352,100 fixed-telephony subscribers) across a footprint of 837,600 homes passed. In addition, VM Ireland provided services to 11,800 mobile subscribers. VM Ireland provides digital and analog cable video services via cable. Its cable network is 94% upgraded to two-way capability, with 93% of its cable homes served by a network with a bandwidth of at least 750 Mhz. VM Ireland makes its digital video, broadband internet and fixed-line telephony services available to 98%, 94% and 93%, respectively, of its homes passed. Highlights of VM Ireland include:

- For enhanced video subscribers, different packages starting with a base package that includes 66 video channels and several radio channels, along with a variety of premium channels, HD programming, a PPV service, an electronic program guide, remote booking and a DVR service;
- 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 360 Mbps for residential customers and up to 500 Mbps for business customers utilizing Euro DOCSIS 3.0 technology;
- Business WiFi distribution networks via VM Ireland’s wholly-owned subsidiary, Bitbuzz Limited, which was acquired in December 2014 (primarily servicing the hospitality industry);
- Community WiFi networks in select markets, with plans to activate this network throughout our Ireland footprint;
- Digital telephony, via VoIP, with multiple value-added features; and
- A mobile telephony SIM-only service via an MVNO arrangement with Three Ireland (Hutchison) Limited (“**Three Ireland**”). This service was launched in October 2015 and is available to all consumers in the Republic of Ireland.

On December 7, 2015, we acquired Tullamore Beta Limited, the parent of TV3, a commercial broadcaster in Ireland, for a purchase price of €80 million (£58 million at the transaction date). The purchase price was funded through existing liquidity.

## Regulatory Matters

### Overview

#### *Legislative Framework*

Our business activities are subject to the laws and regulations of the EU, the U.K. and Ireland. 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 comprises:

- 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, regulating the processing of personal data and the protection of privacy in the electronic communications sector.

The European Commission is currently undertaking a review of the Regulatory Framework which could result in material changes to certain elements of it. While the timing of any changes remain unclear, a target date for implementation of 2019 has been set. It remains to be seen what implications Brexit may have on the applicability of these changes, and indeed the Regulatory Framework in general, to the U.K.

In the U.K., the Regulatory Framework is implemented through (i) the Communications Act 2003, which regulates all forms of communications technology, whether used for telecommunications or broadcasting, and (ii) 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, the Enterprise Act 2002 and the Enterprise and Regulatory Reform Act 2013. Until December 31, 2015, on-demand programming was regulated by the Authority for Television On-Demand under a co-regulatory regime with Ofcom. Since January 1, 2016, Ofcom has taken over this function directly. The regulatory regime for on-demand programming is derived from the Audiovisual Media Services Directive (Directive 2010/13/EU).

In Ireland, the Regulatory Framework is implemented through (i) the Communications Regulation Act 2002, as amended, which regulates electronic communications networks, including cable television and traditional telephony networks and electronic communications service providers and (ii) the Wireless Telegraphy Act 1926 (as amended), which regulates radio communications in Ireland (including with respect to the spectrum, licensing arrangements, usage conditions and charges 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 Broadcasting Act 2009 and other Irish Acts and Statutory Instruments, including the Competition Acts 2002-2014.

#### *U.K. Regulatory Authorities*

Ofcom is the key regulatory authority for the communications sector in which we operate in the U.K. 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. From 2017, Ofcom will also assume the responsibilities of regulating the BBC, a role currently undertaken by the BBC Trust. 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 CMA. The CMA's primary duty is to promote competition, both within and outside the U.K., for the benefit of consumers.

The Commission for Communications Regulation (“**ComReg**”) is the key regulatory authority for the communications sector in which we operate in Ireland. It is responsible for furthering the interests of consumers by promoting competition. In particular, ComReg 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. In November 2015, ComReg signed a cooperation agreement with the Competition and Consumer Protection Commission in relation to consumer protection functions of both bodies. The purpose of the agreement being to ensure greater coordination between these two bodies on consumer related matters. The Broadcasting Authority of Ireland (“**BAI**”) is the key regulatory authority for broadcasting services licensed in Ireland. Further, it has a number of statutory duties that include oversight of public service broadcasters and the allocation of public funding; stimulating the provision of high quality, diverse, and innovative programming and promoting diversity of control in the commercial and community sectors. TV3 Group, the wholly owned subsidiary of Virgin Media Limited, has broadcasting licenses from the BAI for its television channels: TV3, TV3+1 and 3e.

### ***Broadband Expansion***

The U.K. government is attempting to drive the deployment of ultrafast broadband to at least 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. To achieve this aim, the government established: (i) 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 (ii) the Urban Broadband Fund, which intended to establish “super connected” cities with internet capabilities of between 80 Mbps to 100 Mbps and comprehensive mobile broadband coverage.

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. Now that the stay has lapsed and Birmingham can no longer use the state aid to implement the network for which it had received European Commission approval without renotifying the European Commission, the General Court has agreed to our request to discontinue the proceedings. As an alternative, the U.K. government progressed a retail connectivity voucher scheme, in which we participated.

In November 2015, the U.K. government announced that everyone will, by 2020, have a legal right to request a broadband connection of at least 10 Mbps regardless of where they live. The government intends to achieve this by introducing a broadband Universal Service Obligation (“**USO**”) and it is aimed, in particular, at addressing the final 5% of the population in the U.K. without access to a broadband connection of a reasonable speed. DCMS has commissioned Ofcom to undertake a detailed analysis of the key factors that will help inform the design of the USO and report by the end of 2016. DCMS and Ofcom have both published consultations.

The Irish Government is investing in a national broadband network which will guarantee the universal availability of high-speed broadband, with download speeds of up to 30 Mbps and upload speeds of 6 Mbps by 2020. The National Broadband Plan (“**NBP**”) forms part of a broader National Digital Strategy, which was published in 2013 and is aimed at encouraging and assisting more citizens and small businesses to get on-line.

The Irish Government has publicly stated it intends to allocate €275.0 million (£229.5 million) for the NBP, with further funding of €75.0 million (£62.6 million) committed through the European Regional Development Fund. However, the overall cost of the NBP will not be known until the supply contracts have been awarded in late 2016. Network build for the NBP will commence by early 2017 and is expected to be fully complete by 2020.

In line with EU State Aid rules, the coverage of the state-funded network will be limited to areas where there is unlikely to be an overlap between public and private sector investment. The NBP coverage map therefore does not overlap with our network footprint.

### ***Regulation of Television and Video-on-Demand Services***

In the U.K., 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 television platform, such as electronic program guides. These television licensable content service (“**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.

As a provider of an On-Demand Programme Service (“**ODPS**”), we must comply with a number of statutory obligations in relation to “editorial content” and notify Ofcom of our intention to provide an ODPS. Failure to notify Ofcom 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 imposed a remedy on Sky’s premium sports channels, regulating the terms of supply of Sky Sports 1 and 2 SD and HD programming content. This decision was appealed by a number of parties, including us.

In August 2012, the Competition Appeal Tribunal (“**CAT**”) overturned Ofcom’s decision. In February 2014, the Court of Appeal upheld an appeal by BT. On December 3, 2015, it was agreed between the parties to withdraw all appeals.

On December 19, 2014, Ofcom launched a consultation to review the WMO remedy and consider whether it remained an appropriate remedy and, on November 19, 2015, concluded that the WMO was no longer appropriate and removed the WMO obligation from Sky. On January 19, 2016, it was confirmed that BT was appealing Ofcom’s latest decision. On February 18, 2016, Sky was given permission to intervene in BT’s appeal by the CAT. The hearing is scheduled for October 3-14, 2016.

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 U.K. 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 Competition Act 1998 (UK) and/or Article 101(1) of the Treaty on the Functioning of the European Union. On August 8, 2016, Ofcom formally announced that it was closing the investigation on the grounds of administrative priorities having taken into account the recent decision from the FA Premier League to increase the number of live games shown from the start of the 2019/20 season and to implement a ‘no single buyer’ rule in the next auction.

In Ireland, we hold a BAI license for our barker channel and TV3 Group, the wholly owned subsidiary of Virgin Media Limited, holds broadcasting licenses for its television channels: TV3, TV3+1 and 3e.

### ***Government Communications White Paper***

In July 2013, the U.K. government published a white paper reviewing U.K. Communications legislation. This included a number of elements such as plans to review the payment arrangements in place between public service broadcasters and pay-television providers and the prominence of various services in platform providers’ electronic program guides. A resulting consultation seeking evidence on the balance of payments between television platforms and public service broadcasters was published in March 2015. That consultation closed in May 2015, with the government publishing its conclusions on July 5, 2016 that there should continue to be a zero balance of payments between all platform operators and the public service broadcasters. Legislative changes are expected in first half of 2017.

Separately, Ofcom completed a review of public service broadcasting in 2015, which also included some consideration of these factors, as a part of the broader assessment of the regime. The review concluded that public service broadcasting continues, in general, to serve viewers well and proposed no immediate, material changes to the regime.

### ***Regulation of Electronic Communication Services***

In order to operate in the telecommunications sector in the U.K. and Ireland, a provider must comply with general conditions imposed by each country’s respective national regulator, those being Ofcom and ComReg.

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 the national regulator and, ultimately, to the suspension or revocation of a company's right to provide electronic communications networks and services. Ofcom and ComReg also undertake 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 finalized its most recent triennial review of the fixed access markets in 2014 (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). This did not lead to any substantive change in its approach to regulation from the previous review period. Therefore, we do not anticipate significant consequences for our operations in the period leading up to the next review in 2017.

BT was again 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 therefore required to provide certain products and services on regulated terms, including providing access to its ducts and poles infrastructure.

Ofcom also imposed a new condition regulating BT's wholesale pricing of certain of its fiber products, whereby it is subject to an ongoing margin squeeze test. Ofcom published its final statement setting out the form that this test should take in March 2015. In its current form, BT has not had to undertake a major pricing realignment in order to comply with this additional obligation. However, both TalkTalk and BT lodged an appeal against Ofcom's statement based on a number of different grounds (both price and non-price related). On January 5, 2016, the Competition Appeals Tribunal ("CAT") referred matters relating to price to the CMA. On March 24, 2016, the CAT rejected BT's appeal in relation to all non-price related grounds. On June 20, 2016, the CMA (in its determination of price control matters raised in the appeals) dismissed all of TalkTalk's grounds of appeal and dismissed BT's appeal in all but one of the price control matters.

In Ireland, ComReg's review of the wholesale broadband markets is ongoing. In a previous broadband market analysis decision, the national incumbent telecommunications provider, Eircom Limited ("**Eir**"), was found to have significant market power in the wholesale broadband access market (virtual access) and the wholesale physical network access market. Eir remains subject to regulatory obligations in both of these markets, pending the outcome of its market reviews (expected by the end of the second quarter of 2017).

### *Business Connectivity Services*

Ofcom concluded its latest review of the U.K. business connectivity markets (leased lines and dedicated business connections, among others) in the spring of 2016. BT was found to hold significant market power in certain markets, with consequential regulatory remedies proposed by Ofcom. Among these is an obligation for BT to provide access to its dark fiber. BT, CityFibre and TalkTalk have lodged appeals against Ofcom's decision. Virgin Media has intervened in the appeal. This matter remains ongoing and a hearing is expected in 2017.

In Ireland, ComReg's review of the business connectivity services is ongoing. In a previous leased line market analysis decision (now called business connectivity market), Eir was found to have significant market power in the market for wholesale terminating segments of leased lines. Eir remains subject to regulatory obligations in this market, pending the outcome of ComReg's business connectivity market review, which is expected in the second quarter of 2017.

### *Call Origination and Call Transit Services*

ComReg completed its review of the wholesale call transit and call origination markets in June 2015. Eir was considered to have significant market power in the market for call origination and wholesale line rental. However, ComReg deemed that Eir no longer had significant market power in the market for call transit. On that basis, Eir remains subject to regulatory obligations in its provision of wholesale call origination and wholesale line rental, but not with respect to its provision of call transit services.



### *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. On July 1, 2014, a measure was introduced that 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. In October 2015, further EU regulations were adopted, which will see EU roaming charges reduced to zero by June 2017 (subject to addressing inconsistencies in underlying wholesale charges). A preceding transitional period has been established such that roaming surcharges have reduced significantly since April 30, 2016.

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. In March 2015, Ofcom completed its review of mobile termination charges for the period of 2015-2018 and concluded that rates should reduce to approximately half of their current levels by the end of this period. As a result we have experienced both a reduction in revenue from such charges and a reduction in cost.

Further to our entry into the mobile market, we have become subject to a range of regulations applicable to the provision of mobile services in Ireland. ComReg currently regulates mobile termination rates on seven mobile networks.

### *Ofcom Strategic Review of Digital Communications*

In March 2015, Ofcom launched a strategic review of U.K. digital communications, with a stated objective of ensuring that digital communications markets continue to work for consumers and businesses, with wide availability of high-quality services (both fixed and mobile). A 'discussion document' was published in July 2015, inviting stakeholder comment and input. Key focus areas for Ofcom are: investment and innovation, delivering widespread availability of services; sustainable competition; empowering consumers; and targeted regulation where necessary, deregulation elsewhere.

A key area of consideration is the future regulatory treatment of BT, in particular whether BT should be fully (structurally) separated, with the Openreach network division becoming a separate, independent company.

An "emerging thinking" document was published on February 25, 2016, setting out conclusions and Ofcom's proposed policy position relating to a number of aspects of the U.K. regulatory regime. Key conclusions from the exercise include no enforced full structural separation of BT at the present time, an intention to improve quality of service across all providers, a requirement for BT to enhance its wholesale duct and pole access product, and an intention to advance further consumer protection measures. Ofcom has also stated that it will seek to preserve incentives for investors in infrastructure. These will be implemented through forthcoming market reviews and other specific activity.

Ofcom published a further consultation relating to the future structure of BT on July 26, 2016, proposing the legal but not structural separation of Openreach. Ofcom will consult on the matter until October 4, 2016, we expect a final decision to be made in early 2017.

### *Regulation Requiring Co-Operation With Law Enforcement*

Telecommunications operators are subject to various laws that can require them to store and disclose customer data to law enforcement and the security services. In the U.K., these laws are in the process of being updated. A new draft Investigatory Powers Bill has been published and is expected to come into effect by the end of 2016 with transitional provisions covering most of 2017.

### *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/or 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 value-added taxes (“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 £46.3 million as of June 30, 2016. A court hearing was held at the end of September 2014 in relation to the U.K. tax authorities’ challenge and the timing of the court’s decision is uncertain.

On March 19, 2014, the U.K. government announced a change in legislation with respect to the charging of VAT in connection with prompt payment discounts, such as those that we offer to our fixed-line telephony customers. This change, which took effect on May 1, 2014, impacted our company and some of our competitors. The U.K. tax authority issued a decision in the fourth quarter of 2015 challenging our application of the prompt payment discount rules prior to the May 1, 2014 change in legislation. We have appealed this decision. As part of the appeal process, we were required to make aggregate payments of £67.0 million, which included the challenged amount of £63.7 million and related interest of £3.3 million. The aggregate amount paid does not include penalties, which could be significant in the unlikely event that penalties were to be assessed. This matter will likely be subject to court proceedings that could delay the ultimate resolution for an extended period of time.

### ***Regulatory Developments***

For a description of current regulatory developments in the EU, the U.K. and Ireland that affect our business, see “—Regulatory Matters”.

### ***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, withholding 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 operations.

### ***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 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 telephony 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. and Ireland. 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 June 30, 2016, we had approximately 13,700 employees in the U.K. and approximately 900 employees in Ireland. We also had approximately 650 temporary employees in the U.K. and approximately 30 temporary employees in Ireland. 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.

## CAPITALIZATION OF VIRGIN MEDIA

The following table sets forth, in each case as of June 30, 2016, (i) the actual consolidated cash and cash equivalents and capitalization of Virgin Media and (ii) the consolidated cash and cash equivalents and capitalization of Virgin Media on an as adjusted basis after giving effect to the Transactions.

This table should be read in conjunction with “*General Description of Virgin Media’s Business, the Issuer and the Offering—Recent Developments of Virgin Media*”, “*Use of Proceeds*”, “*Summary Financial and Operating Data of Virgin Media*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations of Virgin Media*”, “*Description of Other Indebtedness of Virgin Media*”, “*Terms and Conditions of the Notes*” and the June 30, 2016 Condensed Consolidated Financial Statements included elsewhere in this offering circular.

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 June 30, 2016.

CASH AND CASH EQUIVALENTS AND CAPITALIZATION OF VIRGIN MEDIA	June 30, 2016	
	Actual	As Adjusted
	in millions	
<b>Total cash and cash equivalents (1)(3)</b>	£ 28.4	£ 36.3
<b>Third-party debt:</b>		
Parent—VM Convertible Notes	£ 41.3	£ 41.3
Subsidiaries:		
VM Credit Facility	2,431.0	2,431.0
VM Notes	8,102.2	8,102.2
New VM Facilities (2)(3)	—	17.7
Vendor financing (4)	402.3	736.6
Other	65.5	65.5
Total third-party debt before unamortized premiums, discounts and deferred financing costs	11,042.3	11,394.3
Unamortized premiums (discounts), net	10.4	10.4
Unamortized deferred financing costs	(90.3)	(90.3)
Total carrying amount of third-party debt	10,962.4	11,314.4
Capital lease obligations	88.0	88.0
Total third-party debt and capital lease obligations (3)	11,050.4	11,402.4
Related-party debt	86.1	86.1
<b>Total debt and capital lease obligations</b>	<b>11,136.5</b>	<b>11,488.5</b>
<b>Total owners’ equity</b>	<b>7,325.2</b>	<b>7,325.2</b>
<b>Total capitalization</b>	<b>£18,461.7</b>	<b>£18,813.7</b>

- (1) The “As Adjusted” amount reflects (i) a decrease in cash of £2.0 million associated with the payment by a subsidiary of Virgin Media to the Share Trustee pursuant to the Issue Date Arrangements Agreement, (ii) an increase in cash of £17.7 million associated with the funding of (a) the Interest Facility Loan under the Interest Facility and (b) the Issue Date Facility Loan under the Issue Date Facility and (iii) a decrease in cash of £7.8 million associated with the payment of fees and expenses associated with the issuance of the Notes. For additional information, see “*Use of Proceeds*.”
- (2) The “As Adjusted” amount reflects the funding of the Interest Facility Loan under the Interest Facility and the Issue Date Facility Loan under the Issue Date Facility, each pursuant to the New VM Facilities Agreement.
- (3) The “As Adjusted” amounts assume the expected purchase of available VM Accounts Receivables by the Issuer for an aggregate Purchase Price Amount of £334.3 million (“**Initial Purchases**”), comprising new and existing VM Accounts Receivable purchased directly from the Platform Provider. In the event that the Initial Purchases are not consummated in whole or in part, there would be an expected impact on total cash and cash equivalents, amounts utilised under the New VM Facilities, total third-party debt and total capitalization presented above. Any actual impact would depend on the amount of VM Accounts Receivable made available to the Issuer for purchase, and could be material.
- (4) These obligations are due within one year and accordingly are excluded from our indebtedness included in our covenant calculations. The “As Adjusted” amount reflects an increase of £334.3 million from anticipated future purchases of VM Accounts Receivable which are expected to be completed by December 31, 2016.

## SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA OF VIRGIN MEDIA

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 June 30, 2016 Condensed Consolidated Financial Statements and December 31, 2015 Consolidated Financial Statements included elsewhere in this Offering Circular. 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 June 30, 2016 Condensed Consolidated Financial Statements and December 31, 2015 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 June 30, 2016 Condensed Consolidated Financial Statements and the December 31, 2015 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 December 31, 2015 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 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 year ended December 31, 2014 to the corresponding prior year period, we have presented financial information for the year ended December 31, 2013 that reflects (i) the pro forma statement of operations that gives effect to the VM Ireland Acquisition as of January 1, 2013 and (ii) the combination of the results for the 2013 Predecessor and Successor periods. The pro forma amounts related to VM Ireland are derived from historical financial statements of VM Ireland for the relevant period. The pro forma financial information is not necessarily indicative of the financial position and results of operations that would have occurred if these transactions had occurred on such dates. 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.



	Six months ended June 30,		For the year ended December 31,		
	2016	2015	2015	2014	2013
	in millions				
pro forma					
Virgin Media Consolidated Statements of Operations Data:					
Revenue .....	£2,375.1	£2,277.5	£4,618.4	£4,496.9	£4,416.2
Operating costs and expenses:					
Operating (other than depreciation and amortization) .....	1,029.3	964.3	1,975.3	1,956.1	2,039.7
Selling, general and administrative (including share-based compensation) .....	305.9	301.0	609.3	609.3	650.3
Related-party fees and allocations, net .....	61.4	34.0	87.6	36.6	27.9
Depreciation and amortization .....	798.0	774.4	1,557.8	1,608.1	1,400.6
Impairment, restructuring and other operating items, net .....	12.4	2.8	10.9	12.7	88.4
	2,207.0	2,076.5	4,240.9	4,222.8	4,206.9
Operating income .....	168.1	201.0	377.5	274.1	209.3
Non-operating income (expense):					
Interest expense:					
Third-party .....	(274.9)	(250.6)	(510.5)	(457.1)	(420.3)
Related-party .....	(2.1)	(5.6)	(5.7)	(52.0)	(61.4)
Interest income—related-party .....	132.8	117.2	246.5	229.7	107.0
Realized and unrealized gains (losses) on derivative instruments, net .....	376.6	(41.2)	253.1	48.6	(151.6)
Foreign currency transaction gains (losses), net ....	(536.4)	37.6	(271.8)	(152.0)	140.7
Realized and unrealized gains due to changes in fair values of certain debt, net .....	11.2	—	—	—	—
Gains (losses) on debt modification and extinguishment, net .....	—	(29.4)	(29.4)	20.1	0.5
Other income (expense), net .....	1.1	(0.4)	(0.4)	1.4	0.8
	(291.7)	(172.4)	(318.2)	(361.3)	(384.3)
Earnings (loss) before income taxes .....	(123.6)	28.6	59.3	(87.2)	(175.0)
Income tax benefit (expense) .....	32.2	(8.2)	(201.2)	(21.4)	(215.6)
Net earnings (loss) .....	(91.4)	20.4	(141.9)	(108.6)	(390.6)
Net loss (earnings) attributable to noncontrolling interest .....	2.5	3.3	5.5	(0.6)	(0.1)
Net earnings (loss) attributable to parent .....	£ (88.9)	£ 23.7	£ (136.4)	£ (109.2)	£ (390.7)

	June 30, 2016	December 31,	
		2015 (a)	2014 (a)
		in millions	
<b>Virgin Media Consolidated Balance Sheet Data:</b>			
Cash and cash equivalents . . . . .	£ 28.4	£ 20.2	£ 36.6
Total assets . . . . .	£20,470.3	£19,398.2	£19,334.2
Total current liabilities (excluding current portion of debt and capital lease obligations) . . . . .	£ 1,629.1	£ 1,582.7	£ 1,517.8
Total debt and capital lease obligations . . . . .	£11,136.5	£10,175.3	£ 9,030.9
Total liabilities . . . . .	£13,145.1	£11,938.8	£10,900.2
Total owners' equity . . . . .	£ 7,325.2	£ 7,459.4	£ 8,434.0

(a) Certain prior period amounts have been reclassified to conform to the current period presentation, including the reclassification of deferred financing costs from other long-term assets to long-term debt and capital lease obligations.

The below consolidated cash flow data presents the historical cash flows of Virgin Media's operations for the six months ended June 30, 2016 and 2015, the year ended December 31, 2015, the year ended December 31, 2014 and the combination of the results for the 2013 Predecessor and Successor periods. As such, the period from January 1 to June 7, 2013 excludes the cash flows of VM Ireland.

	Six months ended June 30,		For the year ended December 31,		
	2016	2015	2015	2014	2013 (b)
	in millions				
<b>Virgin Media Consolidated Cash Flow Data:</b>					
Cash provided by operating activities . . . . .	£ 827.3	£ 846.7	£ 1,626.3	£ 1,682.4	£ 1,231.5
Cash used by investing activities . . . . .	£(857.1)	£(1,421.2)	£(2,508.2)	£(1,666.5)	£(3,111.8)
Cash provided (used) by financing activities . . . . .	£ 34.7	£ 555.0	£ 863.1	£ (321.4)	£ 1,913.0

(b) In order to provide a more meaningful basis for comparing the consolidated statements of cash flows for the year ended December 31, 2014 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 U.S. GAAP and has not been prepared with a view towards complying with Article 11 of Regulation S-X.

	As of and for the six months ended June 30, 2016			As of and for the year ended December 31, 2015		
	U.K.	Ireland	Combined	U.K.	Ireland	Combined
<b>Virgin Media Summary</b>						
<b>Statistical and Operating</b>						
<b>Data (c):</b>						
<b>Footprint</b>						
Homes passed	13,072,300	837,600	13,909,900	12,908,500	834,300	13,742,800
Two-way homes passed	13,057,000	784,400	13,841,400	12,891,300	772,000	13,663,300
<b>Subscribers (RGUs)</b>						
Basic Video	—	29,800	29,800	—	32,100	32,100
Enhanced Video	3,712,600	293,500	4,006,100	3,727,000	311,200	4,038,200
Total Video	3,712,600	323,300	4,035,900	3,727,000	343,300	4,070,300
Internet	4,808,000	364,200	5,172,200	4,694,900	371,200	5,066,100
Telephony	4,387,800	352,100	4,739,900	4,310,500	358,100	4,668,600
Total RGUs	12,908,400	1,039,600	13,948,000	12,732,400	1,072,600	13,805,000
<b>Customer Bundling</b>						
Single-Play	15.9%	21.5%	16.3%	16.1%	22.2%	16.7%
Double-Play	20.0%	31.8%	21.0%	18.8%	30.0%	19.7%
Triple-Play	64.1%	46.7%	62.7%	65.1%	47.8%	63.6%
Fixed-mobile						
Convergence	20.6%	2.3%	19.3%	20.8%	1.4%	19.4%
<b>Customer Relationships</b>						
Customer relationships	5,200,900	461,500	5,662,400	5,115,200	475,200	5,590,400
RGUs per customer relationship	2.48	2.25	2.46	2.49	2.26	2.47
<b>ARPU—Cable Subscription</b>						
<b>Revenue</b>						
Monthly ARPU per customer relationship	£ 50.00	€ 55.23	£ 49.42	£ 49.61	€ 56.66	£ 48.88
<b>Mobile Subscribers</b>						
Postpaid	2,344,400	11,800	2,356,200	2,260,600	7,600	2,268,200
Prepaid	677,000	—	677,000	755,800	—	755,800
Total mobile subscribers	3,021,400	11,800	3,033,200	3,016,400	7,600	3,024,000
<b>ARPU—Mobile Subscription</b>						
<b>Revenue</b>						
Monthly ARPU per customer relationship:						
Excluding interconnect revenue	£ 11.73	€ 14.31	£ 11.73	£ 12.82	N.M.	£ 12.81
Including interconnect revenue	£ 13.42	€ 21.02	£ 13.43	£ 14.69	N.M.	£ 14.69

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

N.M.—Not Meaningful.

	Six months ended June 30,		For the year ended December 31,		
	2016	2015	2015	2014	2013
in millions, except percentages					
					pro forma
<b>Virgin Media Summary Operating Data:</b>					
Revenue .....	£2,375.1	£2,277.5	£4,618.4	£4,496.9	£4,416.2
Segment OCF (d) .....	£1,053.6	£1,029.4	£2,069.3	£1,965.3	£1,833.8
Segment OCF margin .....	44.4%	45.2%	44.8%	43.7%	41.5%
Property and equipment additions .....	£ 538.9	£ 474.2	£ 999.0	£ 915.3	£ 893.3
Property and equipment additions as a % of revenue .....	22.7%	20.8%	21.6%	20.4%	20.2%

(d) Segment OCF is the primary measure used by our chief operating decision maker and management to evaluate the operating performance of our businesses. Segment OCF is also a key factor that is used by our internal decision makers to (i) determine how to allocate resources and (ii) evaluate the effectiveness of our management for purposes of annual and other incentive compensation plans. As we use the term, Segment OCF is defined as operating income before depreciation and amortization, share-based compensation, related-party fees and allocations, provisions and provision releases related to significant litigation and impairment, restructuring and other operating items. Other operating items include (a) gains and losses on the disposition of long-lived assets, (b) third-party costs directly associated with successful and unsuccessful acquisitions and dispositions, including legal, advisory and due diligence fees, as applicable, and (c) other acquisition-related items, such as gains and losses on the settlement of contingent consideration. Our internal decision makers believe operating cash flow is a meaningful measure because it represents a transparent view of our recurring operating performance that is unaffected by our capital structure and allows management to (1) readily view operating trends, (2) perform analytical comparisons and benchmarking between entities and (3) identify strategies to improve operating performance in the different countries in which we operate. We believe our operating cash flow 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 public companies. Segment OCF should be viewed as a measure of operating performance that is a supplement to, and not a substitute for, operating income, net earnings or loss, cash flow from operating activities and other U.S. GAAP measures of income or cash flows. A reconciliation of Segment OCF to operating income is as follows:

	Six months ended June 30,		For the year ended December 31,		
	2016	2015	2015	2014	2013
in millions					
					pro forma
Segment OCF .....	£1,053.6	£1,029.4	£ 2,069.3	£ 1,965.3	£ 1,833.8
Share-based compensation .....	(13.7)	(17.2)	(35.5)	(33.8)	(107.6)
Related-party fees and allocations, net .....	(61.4)	(34.0)	(87.6)	(36.6)	(27.9)
Depreciation and amortization .....	(798.0)	(774.4)	(1,557.8)	(1,608.1)	(1,400.6)
Impairment, restructuring and other operating items, net .....	(12.4)	(2.8)	(10.9)	(12.7)	(88.4)
Operating income .....	<u>£ 168.1</u>	<u>£ 201.0</u>	<u>£ 377.5</u>	<u>£ 274.1</u>	<u>£ 209.3</u>

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

The following discussion and analysis, which should be read in conjunction with the June 30, 2016 Condensed Consolidated Financial Statements and the December 31, 2015 Consolidated Financial Statements, is intended to assist in providing an understanding of our results of operations and financial condition 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 six months ended June 30, 2016 and 2015 and for the years ended December 31, 2015, 2014 and 2013.
- *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 June 30, 2016 Condensed Consolidated Financial Statements and the December 31, 2015 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 as of June 30, 2016 and December 31, 2015, as applicable.

### Overview

We are a subsidiary of Liberty Global that provides video, broadband internet, fixed-line telephony and mobile services in the U.K. and Ireland. We are one of the U.K.'s and Ireland's largest providers of residential video, 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 television services available in the U.K. and Irish markets.

Our residential broadband subscribers generally access the internet at various download speeds ranging up to 200 Mbps in the U.K. and up to 360 Mbps in Ireland, 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 in the U.K. and Ireland using third-party networks through MVNO arrangements.

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

As further described in notes 1 and 3 to the June 30, 2016 Condensed Consolidated Financial Statements and notes 1 and 4 to the December 31, 2015 Consolidated Financial Statements, we completed the VM Ireland Acquisition in February 2015 and have accounted for it as a common control transfer. As a result, all financial and operating information has been retrospectively revised to give effect to the VM Ireland Acquisition for all periods after the LG/VM Transaction unless otherwise noted.

We completed one small disposition in 2016, one small acquisition during 2015, two small acquisitions during 2014 and the U.K. Non-Cable Disposal, as defined and described below, in 2015. These transactions impact the comparability of our 2016, 2015, 2014 and 2013 results of operations.

At June 30, 2016, our network passed 13,909,900 homes and served 13,948,000 revenue generating units (“RGUs”), consisting of 5,172,200 broadband internet subscribers, 4,739,900 fixed-line telephony subscribers and 4,035,900 video subscribers. In addition, at June 30, 2016, we served 3,033,200 mobile subscribers.

As a result of our decision to discontinue our multi-channel multi-point (microwave) distribution system (“MMDS”) service in Ireland, we have excluded subscribers to our MMDS service from our externally reported operating statistics effective January 1, 2016, which resulted in a reduction to homes passed, RGUs and customer relationships in Ireland of 22,200.

We added 50,100 RGUs on an organic basis during the three months ended June 30, 2016, as compared to 1,000 RGUs added on an organic basis during the corresponding prior-year period. The organic RGU growth during the three months ended June 30, 2016 is attributable to the net effect of (i) an increase of 39,200 broadband internet RGUs, (ii) an increase of 27,400 fixed-line telephony RGUs, (iii) a decrease of 15,400 enhanced video RGUs and (iv) a decrease of 1,100 basic video RGUs.

We added 25,300 mobile subscribers during the three months ended June 30, 2016, as compared to 7,100 mobile subscribers that we added during the corresponding prior-year period. The organic growth during the three months ended June 30, 2016 is attributable to the net effect of (i) an increase of 41,400 postpaid mobile subscribers and (ii) a decrease of 16,100 prepaid mobile subscribers.

We added 143,000 RGUs on an organic basis during the six months ended June 30, 2016, as compared to 17,400 RGUs added on an organic basis during the corresponding prior-year period. The organic RGU growth during the six months ended June 30, 2016 is attributable to the net effect of (i) an increase of 106,100 broadband internet RGUs, (ii) an increase of 71,300 fixed-line telephony RGUs, (iii) a decrease of 32,100 enhanced video RGUs and (iv) a decrease of 2,300 basic video RGUs.

We added 9,200 mobile subscribers during the six months ended June 30, 2016, as compared to 38,600 mobile subscribers that we lost during the corresponding prior-year period. The organic growth during the six months ended June 30, 2016 is attributable to the net effect of (i) an increase of 88,000 postpaid mobile subscribers and (ii) a decrease of 78,800 prepaid mobile subscribers.

At December 31, 2015, our network passed 13,765,000 homes and served 13,827,200 RGUs, consisting of 5,066,100 broadband internet subscribers, 4,668,600 fixed-line telephony subscribers and 4,092,500 video subscribers. In addition, at December 31, 2015, we served 3,024,000 mobile subscribers.

During the first quarter of 2015, we modified certain video subscriber definitions to better align these definitions with the underlying services received by our subscribers and have replaced our “analog cable” and “digital cable” subscriber definitions with “basic video” and “enhanced video,” respectively. A basic video subscriber receives our video service via an analog video signal or a digital video signal without subscribing to any recurring monthly service that requires the use of encryption-enabling technology. An enhanced video subscriber receives our video service via a digital video signal while subscribing to any recurring monthly service that requires the use of encryption-enabling technology.

We added 202,500 RGUs on an organic basis during 2015, as compared to 252,500 RGUs added on an organic basis during 2014. The organic RGU growth during 2015 is attributable to the net effect of (i) an increase of 166,100 broadband internet RGUs, (ii) an increase of 107,700 fixed-line telephony RGUs, (iii) a decrease of 55,300 enhanced video RGUs, (iv) a decrease of 8,000 MMDS video RGUs and (v) a decrease of 8,000 basic video RGUs.

We lost 29,000 mobile subscribers during 2015, as compared to growth of 62,800 mobile subscribers during 2014. The organic loss during 2015 is attributable to the net effect of (i) a decrease of 187,800 prepaid mobile subscribers and (ii) an increase of 158,800 postpaid mobile 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 several European countries, combined with weak growth and high unemployment, could potentially lead to fiscal reforms (including austerity



measures), tax increases, sovereign debt restructurings, currency instability, increased counterparty credit risk, high levels of volatility and disruptions in the credit and equity markets, as well as other outcomes that might adversely impact our company.

The video, broadband internet and fixed-line telephony businesses in which we operate are capital intensive. In order to add customers to our broadband networks and enhance our service offerings, we make significant investments in property and equipment to upgrade and extend our broadband communications networks and improve our customer premises equipment. 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 customer premises equipment in 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.

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 is 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.

We strive to achieve organic revenue and customer growth in our operations by developing and marketing bundled entertainment and information and communications services, and extending and upgrading the quality of our networks where appropriate. As we use the term, organic growth excludes foreign currency translation effects (“FX”) and the estimated impact of acquisitions. 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 video, broadband internet, fixed-line telephony and mobile services with existing customers through product bundling and upselling.

During 2015, we initiated a network extension program in the U.K. (the “**Network Extension**”) pursuant to which we may connect up to an estimated four million additional homes and businesses to our broadband communications network by the end of 2019. The additional premises that we expect to connect pursuant to the Network Extension were identified through a detailed review of our existing network in these markets and were selected based on our assessment that attractive returns could be achieved. The Network Extension will be completed in phases and will initially focus on the most accretive expansion opportunities. Depending on a variety of factors, including the financial and operational results of the earlier phases of the program, the Network Extension may be modified or cancelled at our discretion. We believe that the Network Extension will (i) positively impact the organic growth in our consolidated revenue and Segment OCF, with meaningful benefits beginning in 2017, and (ii) increase the percentage of revenue represented by our aggregate consolidated property and equipment additions over this time frame. As we use the term, “**Segment OCF**” is defined as operating income before depreciation and amortization, share-based compensation, related-party fees and allocations, provisions and provision releases related to significant litigation 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.

The capital costs associated with the Network Extension, which include the costs to build-out the network and the purchase and installation of related customer premises equipment, are expected to be significant. Based on our most recent long-range plan and including the aggregate impact on our revenue and property and equipment additions of the Network Extension, we expect that the percentage of revenue represented by our aggregate consolidated property and equipment additions will range from 26% to 34% during the three years ending December 31, 2018.

For additional information regarding our property and equipment additions, see *Liquidity and Capital Resources—Consolidated Statements of Cash Flows* below.

## ***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 5 to the December 31, 2015 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 period ended on 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 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 consolidated financial statements and accompanying notes 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 5 to the December 31, 2015 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 December 31, 2015 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 9 to the December 31, 2015 Consolidated Financial Statements.

## **Results of Operations—Three and Six Months Ended June 30, 2016 compared to Three and Six Months Ended June 30, 2015**

### **Material Changes in Results of Operations**

As noted under *Overview* above, the comparability of our operating results during 2016 and 2015 is affected by an acquisition, the U.K. Non-Cable Disposal, as defined and described below, and another less significant disposition. In the following discussion, we quantify the estimated impact of acquisitions and dispositions 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, as adjusted to remove integration costs and any other material nonrecurring or nonoperational items, 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 12 months following the acquisition date represent differences between the estimated acquisition impact and the actual results.

## **Discussion and Analysis**

### ***General***

Most of our revenue is subject to VAT 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 Segment OCF and Segment OCF margin (Segment OCF divided by revenue) to the extent of any such tax increases.

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 Segment OCF would be dependent on the call or text messaging patterns that are subject to the changed termination rates.

## Revenue

Revenue includes amounts earned from (i) subscribers to our broadband communications and mobile services and (ii) B2B services, interconnect fees, mobile handset sales, installation fees, late fees and advertising revenue. Consistent with the presentation of our revenue categories in note 12 to the June 30, 2016 Condensed Consolidated Financial Statements, we use the term “subscription revenue” in the following discussion to refer to amounts received from subscribers for ongoing services, excluding installation fees and late fees. In the below tables, mobile subscription revenue excludes the related interconnect revenue.

Variances in the subscription revenue that we receive from our customers are a function of (i) changes in the number of RGUs or mobile subscribers outstanding during the period and (ii) changes in average monthly subscription revenue per RGU or mobile subscriber, as applicable, (“ARPU”). Changes in ARPU can be attributable to (a) price increases, (b) changes in bundling or promotional discounts, (c) changes in the tier of services selected, (d) variances in subscriber usage patterns and (e) the overall mix of cable and mobile products during the period. In the following discussion, we discuss ARPU changes in terms of the net impact of the above factors on the ARPU that is derived from our video, broadband internet, fixed-line telephony and mobile products.

Our revenue by major category is set forth below:

	Three months ended June 30,		Increase (decrease)		Organic increase (decrease)
	2016	2015	£	%	%
	in millions				
Subscription revenue:					
Video .....	£ 256.4	£ 266.8	£(10.4)	(3.9)	(3.9)
Broadband internet .....	344.4	309.8	34.6	11.2	10.5
Fixed-line telephony .....	240.1	240.2	(0.1)	—	(0.5)
Cable subscription revenue (a) .....	840.9	816.8	24.1	3.0	2.6
Mobile (b) .....	105.1	117.7	(12.6)	(10.7)	(10.7)
Total subscription revenue .....	946.0	934.5	11.5	1.2	0.9
B2B revenue (c) .....	166.7	157.7	9.0	5.7	5.6
Other revenue (b)(d) .....	84.5	55.5	29.0	52.3	36.9
Total .....	<u>£1,197.2</u>	<u>£1,147.7</u>	<u>£ 49.5</u>	<u>4.3</u>	<u>3.3</u>

	Six months ended June 30,		Increase (decrease)		Organic increase (decrease)
	2016	2015	£	%	%
	in millions				
Subscription revenue:					
Video .....	£ 523.2	£ 533.3	£(10.1)	(1.9)	(1.8)
Broadband internet .....	669.8	605.7	64.1	10.6	10.1
Fixed-line telephony .....	476.5	480.9	(4.4)	(0.9)	(1.2)
Cable subscription revenue (a) .....	1,669.5	1,619.9	49.6	3.1	2.8
Mobile (b) .....	212.7	234.0	(21.3)	(9.1)	(9.1)
Total subscription revenue .....	1,882.2	1,853.9	28.3	1.5	1.3
B2B revenue (c) .....	329.9	313.9	16.0	5.1	5.0
Other revenue (b)(d) .....	163.0	109.7	53.3	48.6	35.8
Total .....	<u>£2,375.1</u>	<u>£2,277.5</u>	<u>£ 97.6</u>	<u>4.3</u>	<u>3.5</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 £14.5 million and £16.8 million during the three months ended June 30, 2016 and 2015, respectively, and £30.7 million and £34.7 million during the six months ended June 30, 2016 and 2015, 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, mobile and data services offered to medium to large enterprises and, on a wholesale basis, to other operators. We also provide services to SOHO subscribers. SOHO subscribers pay a premium price to receive expanded service levels along with video, broadband internet, fixed-line telephony or mobile services that are the same or similar to the mass marketed products offered to our residential subscribers. Revenue from SOHO subscribers, which is included in cable subscription revenue, aggregated £6.3 million and £5.0 million during the three months ended June 30, 2016 and 2015, respectively, and £11.9 million and £10.0 million during the six months ended June 30, 2016 and 2015, respectively.
- (d) Other revenue includes, among other items, mobile handset sales, interconnect, broadcasting and late fee revenue.

The increases in our revenue during the three and six months ended June 30, 2016, as compared to the corresponding periods in 2015, include (i) organic increases of £37.9 million or 3.3% and £79.2 million or 3.5%, respectively, (ii) the impact of an acquisition, (iii) the impact of disposals and (iv) the impact of FX, as set forth below:

	Three-month period			Six-month period		
	Subscription revenue	Non-subscription revenue	Total	Subscription revenue	Non-subscription revenue	Total
	in millions					
Increase in cable subscription revenue due to change in:						
Average number of						
RGUs (a) . . . . .	£ 18.8	£ —	£ 18.8	£ 33.3	£ —	£ 33.3
ARPU (b) . . . . .	2.2	—	2.2	12.3	—	12.3
Total increase in cable subscription revenue . . . . .	21.0	—	21.0	45.6	—	45.6
Decrease in mobile subscription revenue (c) . . . . .	(12.6)	—	(12.6)	(21.3)	—	(21.3)
Total increase in subscription revenue . . . . .	8.4	—	8.4	24.3	—	24.3
Increase in B2B revenue . . . . .	—	8.9	8.9	—	15.6	15.6
Increase in other revenue (d) . . . . .	—	20.6	20.6	—	39.3	39.3
Total organic increase . . . . .	8.4	29.5	37.9	24.3	54.9	79.2
Impact of an acquisition . . . . .	—	8.0	8.0	—	16.1	16.1
Impact of disposals (e) . . . . .	(2.1)	(0.5)	(2.6)	(3.4)	(3.4)	(6.8)
Impact of FX . . . . .	5.2	1.0	6.2	7.4	1.7	9.1
Total . . . . .	£ 11.5	£38.0	£ 49.5	£ 28.3	£69.3	£ 97.6

- (a) The increases in cable subscription revenue related to changes in the average numbers of RGUs are primarily attributable to increases in the average numbers of (i) broadband internet RGUs in the U.K. and, for the six-month comparison, in Ireland and (ii) fixed-line telephony RGUs that were only partially offset by declines in (a) the average number of enhanced video RGUs and (b) the average number of basic video RGUs in Ireland.
- (b) The increases in cable subscription revenue related to changes in ARPU are primarily attributable to the net effect of (i) net increases primarily due to (a) higher ARPU from broadband internet services, (b) lower ARPU from fixed-line telephony services in the U.K., (c) lower ARPU resulting from the impact of a change in the regulations governing certain fees we charge to our customers in the U.K., which reduced revenue by £5.0 million and £6.2 million, respectively, and (d) for the six-month comparison, higher ARPU

from video services, as an increase in the U.K. was only partially offset by a decrease in Ireland and (ii) adverse changes in RGU mix in Ireland. In addition, the three-month comparison includes lower ARPU from video services.

- (c) The decreases in mobile subscription revenue relate to the net effect of (i) lower ARPU in the U.K., including declines of £16.6 million and £30.7 million, respectively, in postpaid mobile services revenue due to the continued growth of a mobile program in the U.K., which was introduced in November 2014, whereby customers can elect to purchase a mobile handset pursuant to a contract that is independent of a mobile airtime services contract (the “**Freestyle Mobile Proposition**”), (ii) increases in the average number of postpaid mobile subscribers and (iii) declines in the average number of prepaid mobile subscribers in the U.K.
- (d) The increases in other revenue are primarily due to the net effect of (i) increases in mobile handset sales, primarily attributable to increases of £18.5 million and £37.7 million, respectively, associated with the Freestyle Mobile Proposition in the U.K., (ii) decreases in interconnect revenue in the U.K. of £2.9 million and £5.4 million, respectively, primarily due to (a) declines in mobile short message service termination volumes, (b) lower fixed-line telephony termination volumes and (c) for the six-month comparison, lower mobile termination rates and (iii) increases in broadcasting revenue in Ireland. The increases in revenue from the Freestyle Mobile Proposition are due to the net effect of (1) increased volume associated with the continued growth of the program and (2) lower average revenue per handset sold.
- (e) Represents the estimated impact of (i) the non-cable subscribers in the U.K. that we sold in the fourth quarter of 2014 (the “**U.K. Non-Cable Disposal**”) and (ii) the MMDS subscribers in Ireland that have disconnected since we announced the switch-off of this service effective April 2016. The non-cable subscribers were migrated to a third party during the first nine months of 2015.

As discussed above, we have reduced certain fees we charge to customers in the U.K. as a result of a change in the regulations governing these fees, with the largest reduction effective April 1, 2016. We estimate that these reduced charges will result in a £10 million reduction of the U.K.’s cable subscription revenue and operating income for the last six months of 2016 when compared to the corresponding prior-year period.

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

	Three months ended June 30,		Increase (decrease)		Organic increase (decrease)
	2016	2015	£	%	%
	in millions				
Data (a) .....	£126.8	£115.8	£11.0	9.5	9.4
Voice (b) .....	27.5	30.1	(2.6)	(8.6)	(9.2)
Other (c) .....	12.4	11.8	0.6	5.1	5.1
Total .....	<u>£166.7</u>	<u>£157.7</u>	<u>£ 9.0</u>	<u>5.7</u>	<u>5.6</u>

	Six months ended June 30,		Increase (decrease)		Organic increase (decrease)
	2016	2015	£	%	%
	in millions				
Data (a) .....	£250.1	£231.6	£18.5	8.0	7.8
Voice (b) .....	55.0	60.8	(5.8)	(9.5)	(9.7)
Other (c) .....	24.8	21.5	3.3	15.3	15.3
Total .....	<u>£329.9</u>	<u>£313.9</u>	<u>£16.0</u>	<u>5.1</u>	<u>5.0</u>

- (a) The increases in data revenue are primarily attributable to (i) higher volumes and (ii) increases of £2.9 million and £5.8 million, respectively, in the U.K.’s amortization of deferred upfront fees on B2B contracts.
- (b) The decreases in voice revenue are largely attributable to declines in usage in the U.K.
- (c) The increases in other revenue are primarily attributable to increases in low-margin equipment sales in the U.K.

### Operating expenses

Operating expenses include programming, network operations, mobile access and 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 video 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 increased £43.9 million or 9.1% and £65.0 million or 6.7% during the three and six months ended June 30, 2016, respectively, as compared to the corresponding periods in 2015. These increases include (i) increases of £7.1 million and £14.1 million, respectively, attributable to the impact of an acquisition and (ii) decreases of £1.4 million and £5.0 million, respectively, attributable to the U.K. Non-Cable Disposal and another less significant disposition. Excluding the effects of an acquisition, dispositions and FX, operating expenses increased £35.3 million or 7.3% and £51.6 million or 5.3%, respectively. These increases include the following factors:

- Increases in programming and related costs of £25.6 million or 14.9% and £48.6 million or 14.2%, respectively, primarily due to higher costs for certain premium and basic content, including increases of (i) £15.6 million and £30.4 million, respectively, associated with a sports programming contract entered into in August 2015 and (ii) £3.2 million during each period (including £1.6 million related to the first quarter of 2016) associated with a new company-wide programming contract that was entered into in June 2016 with retroactive impact to January 1, 2016;
- Increases in mobile handset costs of £5.8 million or 17.2% and £12.4 million or 20.4%, respectively, primarily due to the net impact of (i) higher mobile handset sales volume and (ii) lower average cost per handset sold;
- Decreases in mobile access and interconnect costs of £3.9 million or 3.7% and £11.9 million or 5.6%, respectively, primarily due to the net effect of (i) declines resulting from lower rates, (ii) increases in costs attributable to higher mobile usage and (iii) lower fixed-line telephony call volumes;
- Decreases in personnel costs of £2.8 million or 4.7% and £6.8 million or 5.9%, respectively, due primarily to the net effect of (i) decreased staffing levels, (ii) decreased costs resulting from higher proportions of capitalized labor costs associated with our Network Extension project in the U.K., (iii) annual wage increases and (iv) lower incentive compensation costs;
- Increases in equipment costs of £3.1 million and £5.6 million, respectively, primarily due to higher B2B low-margin equipment sales;
- Increases in network-related expenses of £7.4 million or 21.6% and £5.0 million or 6.3%, respectively, due primarily to the net effect of (i) increases due to the impact of a reduction in local authority charges for certain elements of network infrastructure in the U.K. resulting in nonrecurring benefits during the first and second quarters of 2015 of £4.8 million and £7.0 million, respectively, (ii) for the six-month comparison, a £4.1 million decrease associated with the settlement of an operational contingency during the first quarter of 2016, (iii) lower outsourced labor costs associated with customer-facing activities and (iv) aggregate net increases of £1.5 million and £2.0 million, respectively, associated with the reassessment of accruals recorded during the second quarters of 2016 and 2015. For information regarding the potential for increased charges for network infrastructure in the U.K. effective April 1, 2017, see note 11 to the June 30, 2016 Condensed Consolidated Financial Statements; and
- An increase of £2.1 million during each period due to an accrual release recorded during the second quarter of 2015 related to the settlement of an operational contingency.

### ***SG&A expenses***

SG&A expenses include human resources, information technology, general services, management, finance, legal, sales and marketing, 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 expense) increased (decreased) (£2.4 million) or (1.7%) and £8.4 million or 3.0% during the three and six months ended June 30, 2016,

respectively, as compared to the corresponding periods in 2015. This increase (decrease) includes increases of £2.1 million and £4.2 million, respectively, attributable to the impact of an acquisition. Excluding the effects of an acquisition and FX, SG&A expenses increased (decreased) (£5.4 million) or (3.8%) and £2.8 million or 1.0%, respectively. These changes include the following factors:

- Increases in personnel costs of £2.4 million or 4.3% and £6.3 million or 5.7%, respectively, primarily due to increased staffing levels;
- Decreases in outsourced labor and professional fees of £1.7 million or 19.1% and £4.6 million or 29.7%, respectively, primarily due to decreased costs associated with strategic initiatives; and
- An increase (decrease) in sales and marketing costs of (£5.2 million) or (9.1%) and £0.6 million or 0.6%, respectively, primarily due to the net effect of (i) lower costs associated with advertising campaigns, (ii) higher third-party sales commissions and (iii) for the six-month comparison, a net increase resulting from other individually insignificant changes.

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

Our share-based compensation expense represents amounts allocated to our company by Liberty Global and related employer taxes. 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 owners' equity and is offset by any amounts recharged to us by Liberty Global, as further described in note 9 to the June 30, 2016 Condensed Consolidated Financial Statements. A summary of the share-based compensation expense that is included in our SG&A expenses is set forth below:

	<b>Three months ended June 30,</b>		<b>Six months ended June 30,</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>in millions</b>			
Performance-based incentive awards (a) .....	£3.4	£1.3	£ 6.1	£ 4.5
Other share-based incentive awards .....	<u>3.9</u>	<u>5.2</u>	<u>7.6</u>	<u>12.7</u>
Total .....	<u>£7.3</u>	<u>£6.5</u>	<u>£13.7</u>	<u>£17.2</u>

(a) Includes share-based compensation expense related to (i) Liberty Global PSUs, including the 2016 PSUs, and (ii) the Challenge Performance Awards.

For additional information regarding our share-based compensation, see note 9 to the June 30, 2016 Condensed Consolidated Financial Statements.

#### ***Related-party fees and allocations, net***

We recorded related-party fees and allocations, net, related to corporate services performed by Liberty Global and our company of £36.7 million and £61.4 million during the three and six months ended June 30, 2016, respectively, as compared to £14.9 million and £34.0 million during the three and six months ended June 30, 2015, respectively. These charges generally relate to management, finance, legal, technology and other corporate and administrative services provided to our subsidiaries. For additional information, see note 10 to the June 30, 2016 Condensed Consolidated Financial Statements.

#### ***Depreciation and amortization expense***

Our depreciation and amortization expense increased £8.7 million or 2.2% and £23.6 million or 3.0% during the three and six months ended June 30, 2016, respectively, as compared to the corresponding periods in 2015. Excluding the effects of FX, depreciation and amortization expense increased £7.5 million or 1.9% and £22.1 million or 2.9%, respectively. These increases are primarily due to the net effect of (i) 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 (ii) 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 £9.2 million and £12.4 million during the three and six months ended June 30, 2016, respectively, as compared to £7.9 million and £2.8 million

during the three and six months ended June 30, 2015, respectively. The 2016 amounts primarily include (i) restructuring charges of £6.2 million and £9.4 million, respectively, primarily related to employee severance and termination costs related to certain reorganization activities and (ii) impairment charges of £3.5 million in each period. The 2015 amounts primarily include the net effect of (a) gains (losses) from the disposition of assets of (£0.4 million) and £9.4 million, respectively, (b) restructuring charges of £7.6 million and £7.9 million, respectively, primarily related to employee severance and termination costs related to certain reorganization activities and (c) impairment charges of nil and £4.0 million, respectively. We expect to record further restructuring charges during the remainder of 2016 in connection with continued efforts to optimize our operating model.

### ***Interest expense—third-party***

Our third-party interest expense increased £12.8 million or 10.1% and £24.3 million or 9.7% during the three and six months ended June 30, 2016, respectively, as compared to the corresponding periods in 2015. These increases are primarily attributable to the net effect of (i) higher average outstanding third-party debt balances and (ii) lower weighted average interest rates related to the completion of certain financing transactions that resulted in extended maturities and decreases to certain of our interest rates. For additional information regarding our outstanding third-party indebtedness, see note 7 to the June 30, 2016 Condensed Consolidated Financial Statements.

It is possible that the interest rates on (i) any new borrowings could be higher than the current interest rates on our existing indebtedness and (ii) our variable-rate indebtedness could increase in future periods. As further discussed in note 4 to the June 30, 2016 Condensed Consolidated Financial Statements, we use derivative instruments to manage our interest rate risks.

### ***Interest expense—related-party***

Our related-party interest expense increased (decreased) £1.1 million and (£3.5 million) during the three and six months ended June 30, 2016, respectively, as compared to the corresponding periods in 2015, primarily due to interest expense incurred on the note payable to LG Europe 2 during 2016 and interest expense incurred on the VM Ireland Note in the first quarter of 2015. As further described in note 3 to the June 30, 2016 Condensed Consolidated Financial Statements, the VM Ireland Note eliminates in consolidation following the February 2015 VM Ireland Acquisition. For additional information regarding our related-party indebtedness, see note 10 to June 30, 2016 Condensed Consolidated Financial Statements.

### ***Interest income—related-party***

Our related-party interest income increased £10.0 million or 17.1% and £15.6 million or 13.3%, during the three and six months ended June 30, 2016, respectively, as compared to the corresponding periods in 2015, primarily due to interest income earned on related-party notes receivable from LG Europe 2. For additional information, see note 10 to the June 30, 2016 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 June 30,		Six months ended June 30,	
	2016	2015	2016	2015
	in millions			
Cross-currency and interest rate derivative contracts (a) . . . . .	£337.7	£(244.3)	£354.4	£(30.3)
Equity-related derivative instruments (b) . . . . .	7.7	(1.9)	14.5	(3.4)
Foreign currency forward contracts . . . . .	7.1	0.2	7.7	(7.5)
Total . . . . .	<u>£352.5</u>	<u>£(246.0)</u>	<u>£376.6</u>	<u>£(41.2)</u>

(a) The gains during the 2016 three and six-month periods are 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) gains associated with decreases in market interest rates in the U.S. dollar market. In addition, the gains during the 2016 periods include net losses of £21.7 million and £25.9 million, respectively, resulting from changes in our credit risk valuation adjustments. The loss during the 2015 three-month period is primarily attributable to the net effect of (a) losses associated with an increase in the value of the pound sterling relative to the U.S. dollar, (b) gains associated with increases in market interest rates in the pound sterling market and (c) losses associated with increases in market interest rates in the U.S. dollar market. The loss during the 2015 six-month period is primarily attributable to the net effect of (1) gains associated with increases in market interest rates in the pound sterling market and (2) losses associated with an increase in the value of the pound sterling relative to the U.S. dollar. In addition, the losses during the 2015 periods include net gains of £20.8 million and £9.9 million, respectively, resulting from changes in our credit risk valuation adjustments.

- (b) Amounts represent activity related to the Virgin Media Capped Calls and 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 regarding our derivative instruments, see notes 4 and 5 to June 30, 2016 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:

	<b>Three months ended June 30,</b>		<b>Six months ended June 30,</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>in millions</b>			
U.S. dollar denominated debt issued by our company . . . . .	£(312.3)	£156.8	£(399.9)	£ 50.9
Intercompany payables and receivables denominated in a currency other than the entity's functional currency (a) . . . . .	(91.3)	110.2	(88.0)	(27.3)
Euro denominated debt issued by our company . . . . .	(20.1)	6.2	(44.6)	17.9
Other . . . . .	(3.6)	7.3	(3.9)	(3.9)
Total . . . . .	<u>£(427.3)</u>	<u>£280.5</u>	<u>£(536.4)</u>	<u>£ 37.6</u>

- (a) Amounts primarily relate to loans between certain of our non-operating subsidiaries.

### ***Unrealized gains due to changes in fair values of certain debt, net***

Our realized and unrealized gains or losses due to changes in fair values of certain debt include unrealized gains or losses associated with changes in fair values that are non-cash in nature until such time as these gains or losses are realized through cash transactions. We recognized unrealized gains due to changes in fair values of certain debt, net, of £11.2 million during each of the 2016 periods, as compared to nil during each of the 2015 periods. For additional information regarding our fair value measurements, see note 5 to the June 30, 2016 Condensed Consolidated Financial Statements.

### ***Losses on debt modification and extinguishment, net***

We recognized losses on debt modification and extinguishment, net, of nil during each of the 2016 periods and £9.2 million and £29.4 million during the three and six months ended June 30, 2015, respectively. The loss during the 2015 six-month period is attributable to (i) the write-off of £19.5 million of deferred financing costs (including £6.9 million during the second quarter), (ii) the payment of £6.6 million of redemption premium during the first quarter, (iii) the write-off of £2.8 million of unamortized discount (including £1.8 million during the second quarter) and (iv) the payment of £0.5 million of third party costs during the second quarter.

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

We recognized income tax benefit (expense) of £18.1 million and (£15.0 million) during the three months ended June 30, 2016 and 2015, respectively.

The income tax benefit during the three months ended June 30, 2016 differs from the expected income tax benefit of £19.8 million (based on the U.S. federal income tax rate of 35.0%) primarily due to the negative impact of (i) certain permanent differences between the financial and tax accounting treatment of items associated with investments in subsidiaries and (ii) statutory tax rates in certain jurisdictions in which we operate that are lower than the U.S. federal income tax rate. The negative impact of these items was partially offset by the positive impact of (a) a net decrease in valuation allowances and (b) non-deductible or non-taxable foreign currency exchange results.

The income tax expense during the three months ended June 30, 2015 differs from the expected income tax expense of £21.0 million (based on the U.S. federal income tax rate of 35.0%) primarily due to the positive impact of a net decrease in valuation allowances. 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.

We recognized income tax benefit (expense) of £32.2 million and (£8.2 million) during the six months ended June 30, 2016 and 2015, respectively.

The income tax benefit during the six months ended June 30, 2016 differs from the expected income tax benefit of £43.3 million (based on the U.S. federal income tax rate of 35.0%) primarily due to the negative impact of (i) certain permanent differences between the financial and tax accounting treatment of items associated with investments in subsidiaries and (ii) statutory tax rates in certain jurisdictions in which we operate that are lower than the U.S. federal income tax rate. The negative impact of these items was partially offset by the positive impact of (a) a net decrease in valuation allowances and (b) non-deductible or non-taxable foreign currency exchange results.

The income tax expense during the six months ended June 30, 2015 differs from the expected income tax expense of £10.0 million (based on the U.S. federal income tax rate of 35.0%) primarily due to the positive impact of a net decrease in valuation allowances. 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.

For additional information concerning our income taxes, see note 8 to the June 30, 2016 Condensed Consolidated Financial Statements.

### ***Net earnings (loss)***

During the three months ended June 30, 2016 and 2015, we reported net earnings (loss) of (£38.5 million) and £45.1 million, respectively, including (i) operating income of £79.0 million and £103.6 million, respectively, (ii) net non-operating expense of £135.6 million and £43.5 million, respectively, and (iii) income tax benefit (expense) of £18.1 million and (£15.0 million), respectively.

During the six months ended June 30, 2016 and 2015, we reported net earnings (loss) of (£91.4 million) and £20.4 million, respectively, including (i) operating income of £168.1 million and £201.0 million, respectively, (ii) net non-operating expense of £291.7 million and £172.4 million, respectively, and (iii) income tax benefit (expense) of £32.2 million and (£8.2 million), respectively.

Gains or losses associated with (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 a reliable source of income. In the absence of significant gains in the future from these sources or from other non-operating items, our ability to achieve earnings is largely dependent on our ability to increase our Segment OCF to a level that more than offsets the aggregate amount of our (a) share-based compensation expense, (b) related-party fees and allocations, (c) depreciation and amortization, (d) impairment, restructuring and other operating items, (e) interest expense, (f) other net non-operating expenses and (g) income tax expenses.

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



## Results of Operations—2015 compared to 2014 and 2014 compared to 2013

### 2015 compared to 2014

Our revenue by major category is set forth below:

	Year ended December 31,		Increase (decrease)		Organic increase (decrease)
	2015	2014	£	%	%
	in millions				
Subscription revenue:					
Video .....	£1,062.2	£1,079.5	£ (17.3)	(1.6)	(0.5)
Broadband internet .....	1,228.5	1,111.8	116.7	10.5	11.3
Fixed-line telephony .....	952.1	991.6	(39.5)	(4.0)	(3.5)
Cable subscription revenue (a) .....	3,242.8	3,182.9	59.9	1.9	2.7
Mobile (b) .....	465.0	480.0	(15.0)	(3.1)	(3.1)
Total subscription revenue .....	3,707.8	3,662.9	44.9	1.2	1.9
B2B revenue (c) .....	657.4	617.5	39.9	6.5	6.4
Other revenue (d) .....	253.2	216.5	36.7	17.0	29.6
Total .....	£4,618.4	£4,496.9	£121.5	2.7	3.9

- (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 £68.1 million and £80.2 million during 2015 and 2014, 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, mobile and data services offered to medium to large enterprises and, on a wholesale basis, to other operators. We also provide services to certain SOHO subscribers. SOHO subscribers pay a premium price to receive expanded service levels along with video, broadband internet, fixed-line telephony or mobile services that are the same or similar to the mass marketed products offered to our residential subscribers. Revenue from SOHO subscribers, which is included in cable subscription revenue, aggregated £21.8 million and £17.2 million during 2015 and 2014, respectively.
- (d) Other revenue includes, among other items, mobile handset sales, interconnect and late fee revenue.

The increase in our revenue during 2015, as compared to 2014, includes (i) an organic increase of £174.7 million or 3.9%, (ii) the impact of acquisitions, (iii) the impact of a disposal and (iv) the impact of FX, as set forth below:

	Subscription revenue	Non-subscription revenue	Total
	in millions		
Increase in cable subscription revenue due to change in:			
Average number of RGUs (a) .....	£ 51.1	£ —	£ 51.1
ARPU (b) .....	35.0	—	35.0
Total increase in cable subscription revenue .....	86.1	—	86.1
Decrease in mobile subscription revenue (c) .....	(14.8)	—	(14.8)
Total increase in subscription revenue .....	71.3	—	71.3
Increase in B2B revenue .....	—	39.3	39.3
Increase in other revenue (d) .....	—	64.1	64.1
Total organic increase .....	71.3	103.4	174.7
Impact of acquisitions .....	0.2	5.1	5.3
Impact of a disposal (e) .....	—	(30.3)	(30.3)
Impact of FX .....	(26.6)	(1.6)	(28.2)
Total .....	£ 44.9	£ 76.6	£121.5

- (a) The increase in cable subscription revenue related to a change in the average number of RGUs is attributable to an increase in the average numbers of broadband internet and fixed-line telephony RGUs that was only partially offset by a decline in (i) the average number of enhanced video RGUs and (ii) the average number of basic and MMDS video RGUs in Ireland.
- (b) The increase in cable subscription revenue related to a change in ARPU is primarily attributable to the net effect of (i) a net increase primarily due to (a) higher ARPU from broadband internet services in the U.K., (b) lower ARPU from fixed-line telephony services and (c) higher ARPU from video services and (ii) an adverse change in RGU mix in Ireland. In addition, the growth in ARPU was partially offset by (1) the impact of a January 1, 2015 change in how VAT is applied to certain components of our U.K. operations, which reduced revenue by £30.3 million, and (2) a May 1, 2014 change in legislation in the U.K. with respect to the charging of VAT in connection with prompt payment discounts, as discussed below, which reduced revenue by £14.4 million.
- (c) The decrease in mobile subscription revenue relates to the U.K. and is due to (i) lower ARPU, including the net impact of (a) a decline of £25.5 million in postpaid mobile services revenue due to the November 2014 introduction of the Freestyle Mobile Proposition, (b) a decrease of £6.8 million related to the above-described January 1, 2015 change in how VAT is applied and (c) an increase in revenue due to the favorable impact of a £2.8 million nonrecurring adjustment to VAT recorded during the fourth quarter of 2015, and (ii) a decrease in the average number of subscribers, as a decrease in the average number of prepaid subscribers more than offset the increase in the average number of postpaid subscribers.
- (d) The increase in other revenue is primarily due to the net effect of (i) an increase in mobile handset sales, primarily attributable to an £88.1 million increase associated with the November 2014 introduction of the Freestyle Mobile Proposition, (ii) a decrease in interconnect revenue of £14.2 million, primarily due to a decline in mobile short message service termination volumes in the U.K., and (iii) a decrease in installation revenue of £7.6 million. For additional information regarding the Freestyle Mobile Proposition, see note 3 to the December 31, 2015 Consolidated Financial Statements.
- (e) Represents the estimated impact of the U.K. Non-Cable Disposal. These non-cable subscribers were migrated to a third party during the first nine months of 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. This change, which took effect on May 1, 2014, impacted our company and some of our competitors. For additional information regarding a challenge from the U.K. government regarding our application of the prompt payment discount rules prior to the May 1, 2014 change in legislation, see note 17 to the December 31, 2015 Consolidated Financial Statements.

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

	Year ended December 31,		Increase		Organic increase
	2015	2014	£	%	%
	in millions				
Data (a) . . . . .	£474.0	£446.7	£27.3	6.1	5.9
Voice (b) . . . . .	130.8	127.8	3.0	2.3	2.7
Other (c) . . . . .	52.6	43.0	9.6	22.3	22.9
Total B2B revenue . . . . .	<u>£657.4</u>	<u>£617.5</u>	<u>£39.9</u>	<u>6.5</u>	<u>6.4</u>

- (a) The increase in data revenue is primarily attributable to (i) higher volumes and (ii) an increase of £13.8 million in the amortization of deferred upfront fees on B2B contracts in the U.K.
- (b) The increase in voice revenue is largely attributable to the net effect of (i) an £11.5 million increase recorded in the U.K. during the fourth quarter of 2015 related to the settlement of disputes with mobile operators over amounts charged for voice traffic, including £10.3 million related to years prior to 2015, and (ii) a decline in usage.
- (c) The increase in other revenue is primarily attributable to an increase in low-margin equipment sales.

### ***Operating expenses***

Our total operating expenses increased £19.2 million or 1.0% during 2015, as compared to 2014. This increase includes (i) a decrease of £25.3 million attributable to the U.K. Non-Cable Disposal and (ii) an increase of £3.5 million attributable to the impact of acquisitions. Excluding the effects of the U.K. Non-Cable Disposal, acquisitions and FX, operating expenses increased £52.2 million or 2.7%. This increase includes the following factors:

- An increase in programming and related costs of £79.2 million or 12.7%, primarily due to (i) higher costs for certain premium and basic content, due in part to a new sports programming contract entered into in August 2015, and (ii) a £6.9 million increase due to the impact of a nonrecurring reduction of programming costs that resulted from the favorable resolution of an operational contingency during the second quarter of 2014;
- A decrease in personnel costs of £19.5 million or 8.4%, primarily due to the net effect of (i) lower incentive compensation costs, (ii) decreased costs due to higher capitalized labor costs associated with the Network Extension and (iii) annual wage increases;
- An increase in mobile handset costs of £19.4 million or 16.2%, primarily due to the net effect of (i) an increase in the proportion of higher-value handsets sold, primarily due to the Freestyle Mobile Proposition implemented in the U.K. in November 2014, and (ii) a decrease in costs as a result of continued growth of subscriber identification module or “SIM”-only contracts;
- A decrease in network-related expenses of £15.1 million or 7.8%, primarily due to (i) lower outsourced labor costs associated with customer-facing activities, (ii) a decrease in network maintenance costs and (iii) lower costs of £5.2 million associated with the reassessment of accruals or operational contingencies in 2015. The decrease in network expense also includes the impact of reductions in local authority charges for certain elements of network infrastructure in the U.K. arising from successful appeals during the last half of 2014 and the first half of 2015. As compared to 2014, these reductions in local authority charges resulted in an increase of £5.2 million;
- An increase in certain other direct costs associated with B2B services of £12.0 million;
- A decrease in mobile access and interconnect costs of £9.3 million or 2.9%, largely due to the net effect of (i) an increase in costs attributable to higher mobile usage, (ii) a decline resulting from lower rates, (iii) lower fixed-line telephony call volumes and (iv) an increase of £2.8 million related to the settlement of a commercial dispute;
- An increase in information technology-related expenses of £7.6 million or 24.4%, primarily due to higher software and other information technology-related service and maintenance costs;
- A decrease in bad debt and collection expense of £6.7 million or 14.3%; and
- A net decrease resulting from individually insignificant changes in other operating expense categories.

### ***SG&A expenses***

Our total SG&A expenses (exclusive of share-based compensation) decreased £1.7 million or 0.3% during 2015, as compared to 2014. This decrease includes an increase of £0.9 million attributable to the impact of acquisitions. Excluding the effects of acquisitions and FX, SG&A expenses increased £1.1 million or 0.2%. This increase includes the following factors:

- A decrease in personnel costs of £6.9 million or 3.0%, primarily due to the net effect of (i) lower incentive compensation costs, (ii) annual wage increases, (iii) increased staffing levels and (iv) decreased costs due to higher capitalized labor costs associated with the Network Extension;
- An increase in information technology-related expenses of £2.7 million or 29.8%, primarily due to higher software and other information technology-related maintenance costs;
- A decrease in sales and marketing costs of £1.6 million or 0.7%, due to the net effect of (i) higher costs associated with advertising campaigns, (ii) lower third-party sales commissions and (iii) a net decrease resulting from other individually insignificant changes;
- An increase in outsourced labor and professional fees of £1.2 million or 4.1%, primarily due to the net effect of (i) increased consulting costs associated with strategic initiatives, (ii) the positive 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 reduction in local authority charges for certain elements of

network infrastructure in the U.K., as discussed above, (iii) decreased legal costs and (iv) an increase of £1.7 million associated with the nonrecurring consulting fee that was incurred during the fourth quarter of 2015 in connection with the settlement of a commercial dispute; and

- A net increase resulting from individually insignificant changes in other SG&A expense categories.

### ***Share-based compensation expense***

Our share-based compensation expense after the LG/VM Transaction represents amounts allocated to our company by Liberty Global and related employer taxes. 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 parent's equity and is offset by any amounts recharged to us by Liberty Global, as further described in note 13 to the December 31, 2015 Consolidated Financial Statements. A summary of the share-based compensation expense that is included in our SG&A expenses is set forth below:

	Year ended December 31,	
	2015	2014
	in millions	
Performance-based incentive awards (a) .....	£10.1	£ 7.0
Other share-based incentive awards .....	<u>25.4</u>	<u>26.8</u>
Total (b) .....	<u>£35.5</u>	<u>£33.8</u>

- (a) Includes share-based compensation expense related to PSUs and the Challenge Performance Awards.
- (b) In connection with the LiLAC Transaction, the compensation committee of Liberty Global's board of directors approved the Award Modifications in accordance with the underlying share-based incentive plans. The objective of the compensation committee was to ensure a relatively unchanged intrinsic value of outstanding equity awards before and after the bonus issuance of the LiLAC Shares. The mechanism to modify outstanding share-based incentive awards, as approved by the compensation committee, utilized the Modification VWAPs. In order to determine if any incremental stock-based compensation expense should be recorded as a result of the Award Modifications, we are required to measure the changes in the fair values of the then outstanding share-based incentive awards using market prices immediately before and immediately after the Award Modifications. Due to declines in the share prices of Liberty Global's Class A and Class C Liberty Global Shares following the bonus issuance, the exercise prices of options, SARs and PSARs determined using the Modification VWAPs were lower than the exercise prices that would have resulted if the market prices immediately before and after the Award Modifications had been used. Accordingly, the Black-Scholes fair values of Liberty Global options, SARs and PSARs held by employees of our subsidiaries increased as a result of the Award Modifications, resulting in incremental stock-based compensation expense of £9.1 million. This amount includes £5.6 million of expense recognized during 2015 related to awards that vested on or prior to December 31, 2015 and £3.5 million of expense that will be recognized in future periods through 2019 as the related awards vest.

For additional information concerning our share-based compensation, see note 12 to the December 31, 2015 Consolidated Financial Statements.

### ***Related-party fees and allocations, net***

We recorded related-party fees and allocations, net, related to corporate services performed by Liberty Global and our company of £87.6 million and £36.6 million during 2015 and 2014, respectively. These charges generally relate to management, finance, legal, technology and other corporate and administrative services provided to our subsidiaries. For additional information, see note 13 to the December 31, 2015 Consolidated Financial Statements.

### ***Depreciation and amortization expense***

Our depreciation and amortization expense decreased £50.3 million or 3.1% during 2015, as compared to 2014. Excluding the effects of FX, depreciation and amortization expense decreased £44.8 million or 2.8%, primarily due to the net effect of (i) a decrease associated with certain assets becoming fully depreciated 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 items, net, of £10.9 million and £12.7 million during 2015 and 2014, respectively. The 2015 amount includes the net effect of (i) restructuring charges of £13.0 million, primarily related to employee severance and termination costs related to certain reorganization activities, (ii) a gain from the disposition of assets of £8.3 million and (iii) an impairment charge of £6.2 million. The 2014 amount includes the net effect of (a) restructuring charges of £16.2 million, primarily related to employee severance and termination costs related to certain reorganization activities that we implemented following the completion of the LG/VM Transaction, and (b) a gain from the disposition of assets of £4.6 million.

### ***Interest expense—third-party***

Our third-party interest expense increased £53.4 million or 11.7% during 2015, as compared to 2014, primarily due to the net effect of (i) higher average outstanding third-party debt balances and (ii) lower weighted average interest rates 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 third-party indebtedness, see note 9 to the December 31, 2015 Consolidated Financial Statements.

It is possible that the interest rates on (i) any new borrowings could be higher than the current interest rates on our existing indebtedness and (ii) our variable-rate indebtedness could increase in future periods. As further discussed in note 6 to the December 31, 2015 Consolidated Financial Statements and under *Qualitative and Quantitative Disclosures about Market Risk* below, we use derivative instruments to manage our interest rate risks. As we no longer apply hedge accounting to our interest rate derivative instruments, the impacts of these derivative instruments are not included in interest expense.

### ***Interest expense—related-party***

Our related-party interest expense decreased £46.3 million or 89.0% during 2015, as compared to 2014, primarily due to the interest expense incurred on the VM Ireland Note. As further described in note 4 to the December 31, 2015 Consolidated Financial Statements, the VM Ireland Note eliminates in consolidation following the February 2015 VM Ireland Acquisition. For additional information regarding our related-party indebtedness, see note 13 to the December 31, 2015 Consolidated Financial Statements.

### ***Interest income—related-party***

Our related-party interest income increased £16.8 million or 7.3% during 2015, as compared to 2014, primarily due to interest income earned on related-party notes receivable from LG Europe 2. For additional information, see note 13 to the December 31, 2015 Consolidated Financial Statements.

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

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

	<b>Year ended December 31,</b>	
	<b>2015</b>	<b>2014</b>
	<b>in millions</b>	
Cross-currency and interest rate derivative contracts (a) . . . . .	£249.6	£53.9
Equity-related derivative instruments (b) . . . . .	10.2	(6.0)
Foreign currency forward contracts . . . . .	(6.7)	0.7
Total . . . . .	<u>£253.1</u>	<u>£48.6</u>

- (a) The gain during 2015 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) gains associated with increases 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 during 2015 includes a net loss of £11.3 million resulting from changes in our credit risk valuation adjustments. The gain during 2014 is primarily attributable to the net effect of (a) gains associated with a decrease in the value of the pound sterling relative to the U.S. dollar and (b) losses associated with decreases in market interest rates in the pound sterling market. In addition, the gain during 2014 includes a net loss of £25.3 million resulting from changes in our credit risk valuation adjustments.



- (b) Amounts represent activity related to the Virgin Media Capped Calls and 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 6 and 7 to the December 31, 2015 Consolidated Financial Statements and *Quantitative and Qualitative Disclosures about Market Risk* below.

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

The details of our foreign currency transaction losses, net, are as follows:

	<b>Year ended December 31,</b>	
	<b>2015</b>	<b>2014</b>
	<b>in millions</b>	
U.S. dollar denominated debt issued by our company .....	£(140.4)	£(109.7)
Intercompany payables and receivables denominated in a currency other than the entity's functional currency (a) .....	(122.7)	—
Related-party payables and receivables denominated in a currency other than the entity's functional currency (b) .....	(12.4)	(36.4)
Other .....	3.7	(5.9)
<b>Total .....</b>	<b>£(271.8)</b>	<b>£(152.0)</b>

- (a) Amounts primarily relate to loans between certain of our non-operating subsidiaries.
- (b) The 2014 amount primarily relates to our euro-denominated notes receivable from LGE Holdco V BV that were entered into during 2014. Accordingly, this amount is a function of movements of the euro against the pound sterling. During the fourth quarter of 2014, the euro-denominated notes receivable from LGE Holdco V BV were converted to equity and as a result, we no longer record foreign currency transaction gains (losses) related to these notes.

For information regarding how we manage our exposure to foreign currency risk, see *Quantitative and Qualitative Disclosures about Market Risk — Foreign Currency Risk* below.

#### ***Gains (losses) on debt modification and extinguishment, net***

We recognized gains (losses) on debt modification and extinguishment, net, of (£29.4 million) and £20.1 million during 2015 and 2014, respectively. The loss during 2015 is attributable to (i) the write-off of £19.5 million of deferred financing costs, (ii) the payment of £6.6 million of redemption premiums, (iii) the write-off of £2.8 million of unamortized discount and (iv) the payment of £0.5 million of third-party costs. The gain during 2014 is attributable to (a) the write-off of £103.9 million of unamortized premium, (b) the payment of £74.4 million of redemption premium and (c) the write-off of £9.4 million of deferred financing costs.

For additional information concerning our gains (losses) on debt modification and extinguishment, net, see note 9 to the December 31, 2015 Consolidated Financial Statements.

#### ***Income tax expense***

We recognized income tax expense of £201.2 million and £21.4 million during 2015 and 2014, respectively.

The income tax expense during 2015 differs from the expected income tax expense of £20.8 million (based on the U.S. federal income tax rate of 35%), primarily due to the negative impacts of (i) a reduction in net deferred tax assets in the U.K. due to enacted changes in tax law and (ii) 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 impacts of (a) a net decrease in valuation allowances and (b) 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 2014 differs from the expected income tax benefit of £30.5 million (based on the U.S. federal income tax rate of 35%), primarily due 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) non-deductible or non-taxable foreign currency exchange results. The negative impacts of these items were partially offset by the positive impacts of (a) statutory tax rates in certain jurisdictions in which we operate that are lower than the U.S. federal income tax rate and (b) a net decrease in valuation allowances.

For additional information concerning our income taxes, see note 10 to the December 31, 2015 Consolidated Financial Statements.

***Net earnings (loss)***

During 2015 and 2014, we reported net losses of £141.9 million and £108.6 million, respectively, including (i) operating income of £377.5 million and £274.1 million, respectively, (ii) net non-operating expense of £318.2 million and £361.3 million, respectively, and (iii) income tax expense of £201.2 million and £21.4 million, respectively.

## 2014 compared to 2013

### Combined Results

As further described in note 1 to the December 31, 2015 Consolidated Financial Statements, VM Ireland is not included in our historical consolidated financial statements prior to June 8, 2013. In order to provide a more meaningful basis for comparing the results of operations for the year ended December 31, 2014 to the corresponding prior year periods, we have presented financial information for the year ended December 31, 2013 that reflects (i) the pro forma statement of operations that gives effect to the VM Ireland Acquisition as of January 1, 2013 and (ii) the combination of the results for the 2013 Predecessor and Successor periods. The pro forma amounts related to VM Ireland are derived from historical financial statements of VM Ireland for the relevant period. The pro forma financial information is not necessarily indicative of the financial position and results of operations that would have occurred if these transactions had occurred on such dates. 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 except percentages):

	Successor		Predecessor	Combined	Change	
	Year ended December 31, 2014	Period from June 8 to December 31, 2013	Period from January 1 to June 7, 2013 pro forma	Year ended December 31, 2013 pro forma	£	%
<b>Consolidated Statements of Operations</b>						
Revenue . . . . .	£4,496.9	£2,483.3	£1,932.9	£4,416.2	£ 80.7	1.8
Operating costs and expenses:						
Operating (other than depreciation and amortization) . . . . .	1,956.1	1,129.4	910.3	2,039.7	(83.6)	(4.1)
SG&A (including share-based compensation) . . . . .	609.3	389.7	260.6	650.3	(41.0)	(6.3)
Related-party fees and allocations, net . . . . .	36.6	21.1	6.8	27.9	8.7	31.2
Depreciation and amortization . . . .	1,608.1	941.5	459.1	1,400.6	207.5	14.8
Impairment, restructuring and other operating items, net . . . . .	12.7	37.2	51.2	88.4	(75.7)	N.M.
	<u>4,222.8</u>	<u>2,518.9</u>	<u>1,688.0</u>	<u>4,206.9</u>	<u>15.9</u>	<u>0.4</u>
Operating income (loss) . . . . .	<u>274.1</u>	<u>(35.6)</u>	<u>244.9</u>	<u>209.3</u>	<u>64.8</u>	<u>31.0</u>
Non-operating income (expense):						
Interest expense:						
Third-party . . . . .	(457.1)	(263.6)	(156.7)	(420.3)	(36.8)	8.8
Related-party . . . . .	(52.0)	(38.3)	(23.1)	(61.4)	9.4	(15.3)
Interest income—related-party . . . .	229.7	107.0	—	107.0	122.7	N.M.
Realized and unrealized gains (losses) on derivative instruments, net . . . . .	48.6	(203.4)	51.8	(151.6)	200.2	N.M.
Foreign currency transaction gains (losses), net . . . . .	(152.0)	142.7	(2.0)	140.7	(292.7)	N.M.
Gains (losses) on debt modification and extinguishment, net . . . . .	20.1	0.6	(0.1)	0.5	19.6	N.M.
Other income, net . . . . .	1.4	0.4	0.4	0.8	0.6	N.M.
	<u>(361.3)</u>	<u>(254.6)</u>	<u>(129.7)</u>	<u>(384.3)</u>	<u>23.0</u>	<u>(6.0)</u>
Earnings (loss) before income taxes . . . . .	(87.2)	(290.2)	115.2	(175.0)	87.8	N.M.
Income tax expense . . . . .	(21.4)	(197.5)	(18.1)	(215.6)	194.2	N.M.
Net earnings (loss) . . . . .	(108.6)	(487.7)	97.1	(390.6)	282.0	N.M.
Net earnings attributable to noncontrolling interest . . . . .	(0.6)	(0.1)	—	(0.1)	(0.5)	N.M.
Net earnings (loss) attributable to parent . . . . .	<u>£ (109.2)</u>	<u>£ (487.8)</u>	<u>£ 97.1</u>	<u>£ (390.7)</u>	<u>£ 281.5</u>	<u>(72.1)</u>

N.M.—Not Meaningful.

## Revenue

Our revenue by major category is set forth below (in millions except percentages):

	Year ended December 31,		Increase (decrease)		Organic increase (decrease)
	2014	2013	£	%	%
	<b>pro forma</b>				
Subscription revenue:					
Video .....	£1,079.5	£1,112.6	£ (33.1)	(3.0)	(2.4)
Broadband internet .....	1,111.8	960.3	151.5	15.8	16.4
Fixed-line telephony .....	991.6	1,025.0	(33.4)	(3.3)	(3.1)
Cable subscription revenue (a) .....	3,182.9	3,097.9	85.0	2.7	3.2
Mobile (b) .....	480.0	440.3	39.7	9.0	9.0
Total subscription revenue .....	3,662.9	3,538.2	124.7	3.5	3.9
B2B revenue (c) .....	617.5	606.2	11.3	1.9	2.1
Other revenue (d) .....	216.5	271.8	(55.3)	(20.3)	(20.8)
Total .....	<u>£4,496.9</u>	<u>£4,416.2</u>	<u>£ 80.7</u>	<u>1.8</u>	<u>2.1</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 £80.2 million and £84.7 million, 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, mobile and data services offered to medium to large enterprises and, on a wholesale basis, to other operators. We also provide services to certain SOHO subscribers. SOHO subscribers pay a premium price to receive expanded service levels along with video, broadband internet, fixed-line telephony or mobile services that are the same or similar to the mass marketed products offered to our residential subscribers. Revenue from SOHO subscribers, which is included in cable subscription revenue, aggregated £17.2 million and £16.4 million during 2014 and 2013, respectively.
- (d) Other revenue includes, among other items, interconnect revenue, revenue from non-cable services, revenue from late fees and installation revenue.

The increase in our revenue during 2014, as compared to 2013, includes (i) an organic increase of £94.1 million or 2.1%, (ii) the impact of acquisitions and (iii) the impact of FX, as set forth below:

	Subscription revenue	Non- subscription revenue	Total
	<b>in millions</b>		
Increase in cable subscription revenue due to change in:			
Average number of RGUs (a) .....	£ 37.6	£ —	£ 37.6
ARPU (b) .....	60.8	—	60.8
Total increase in cable subscription revenue .....	98.4	—	98.4
Increase in mobile subscription revenue (c) .....	39.5	—	39.5
Total increase in subscription revenue .....	137.9	—	137.9
Increase in B2B revenue .....	—	12.6	12.6
Decrease in other revenue (d) .....	—	(56.4)	(56.4)
Total organic increase .....	137.9	(43.8)	94.1
Impact of acquisitions .....	2.5	0.4	2.9
Impact of FX .....	(15.7)	(0.6)	(16.3)
Total .....	<u>£124.7</u>	<u>£(44.0)</u>	<u>£ 80.7</u>

- (a) The increase in our cable subscription revenue related to a change in the average number of RGUs is primarily attributable to an increase in (i) the average number of broadband internet RGUs and (ii) the average number fixed-line telephony RGUs in Ireland that was only partially offset by a decline in (a) the average number of enhanced video RGUs and (b) the average numbers of basic and MMDS video RGUs in Ireland.
- (b) The increase in cable subscription revenue related to a change in ARPU is primarily attributable to the net effect of (i) a net increase primarily due to (a) higher ARPU from broadband internet services, (b) lower ARPU from fixed-line telephony services and (c) lower ARPU from video services in the U.K. and (ii) an adverse change in RGU mix in Ireland. In addition, the decline in fixed-line telephony ARPU includes the impact of a change in legislation with respect to the charging of VAT in connection with prompt payment discounts, as discussed below.
- (c) The increase in mobile subscription revenue is due to (i) higher ARPU and (ii) an increase in the average number of subscribers, as an increase in the average number of postpaid subscribers more than offset the decrease in the average number of prepaid subscribers. In addition, the growth in mobile subscription revenue was partially offset by the impact of certain nonrecurring net adjustments of £3.9 million and £1.2 million recorded during the first and second quarters of 2013, respectively, that positively impacted 2013.
- (d) The decrease in other revenue is primarily attributable to the net effect of (i) a decrease in interconnect revenue, primarily due to a reduction in (a) fixed-line termination rates in February 2014 and (b) mobile termination rates in April 2013, (ii) a decrease of £18.5 million related to a decline in the U.K.'s non-cable subscriber base, (iii) a decrease in installation revenue and (iv) an increase in mobile handset sales in the U.K., primarily attributable to the net effect of (1) a £7.2 million increase related to the November 2014 introduction of the Freestyle Mobile Proposition and (2) a decrease in sales to third-party retailers and prepaid 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. As a result of this legislation, our revenue was £28.9 million lower during 2014, as compared to 2013.

Our B2B revenue by category is set forth below (in millions except percentages):

	Year ended December 31,		Increase (decrease)		Organic increase (decrease)
	2014	2013	£	%	%
		pro forma			
Data (a) . . . . .	£446.7	£418.6	£ 28.1	6.7	6.8
Voice (b) . . . . .	127.8	146.9	(19.1)	(13.0)	(12.8)
Other (c) . . . . .	43.0	40.7	2.3	5.7	5.8
Total B2B revenue . . . . .	<u>£617.5</u>	<u>£606.2</u>	<u>£ 11.3</u>	<u>1.9</u>	<u>2.1</u>

- (a) The increase in data revenue is primarily attributable to (i) increased volumes and (ii) an increase of £14.9 million in the amortization of deferred upfront fees on B2B contracts that is primarily attributable to the application during the Successor period of Liberty Global's accounting policy with respect to these fees. During the Predecessor period, 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 December 31, 2015 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 recorded during the third quarter of 2013.
- (b) The decrease in voice revenue is primarily due to (i) lower termination rates and (ii) declines in usage.
- (c) Other revenue includes (i) equipment sales and (ii) during the Predecessor period, certain upfront, contract termination and modification fees. As discussed in (a) above, the decrease in revenue from upfront fees of £16.2 million during the year is attributable to the application of Liberty Global's accounting policy during the Successor period.



### ***Operating expenses***

Our total operating expenses decreased £83.6 million or 4.1% during 2014, as compared to 2013. This decrease includes an increase of £1.7 million attributable to the impact of an acquisition. Excluding the effects of the acquisition and FX, operating expenses decreased £78.7 million or 3.9%. This decrease includes the following factors:

- A decrease in network-related expenses of £39.8 million or 17.3%, 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 £29.9 million during 2014. This benefit consists of (i) a £22.7 million nonrecurring benefit related to periods prior to the third quarter of 2014, of which £21.6 million was recorded during the third quarter of 2014, and (ii) benefits of £3.6 million related to each of the third and fourth quarters of 2014. The decrease in network-related expenses also includes the net effect of (a) decreased network and customer premises equipment maintenance costs, (b) higher power costs and (c) lower outsourced labor costs associated with customer-facing activities;
- An increase in programming and related costs of £32.0 million or 5.4%, primarily due to the net effect of (i) increased costs for sports rights, (ii) increased costs due to higher rates for certain basic and premium services, (iii) lower costs arising from the cancellation and renegotiation of certain programming agreements 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;
- A decrease in mobile access and interconnect costs of £25.3 million or 6.9%, primarily due to the net effect of (i) decreased costs due to lower fixed-line call volumes, (ii) lower rates, (iii) an increase in mobile access costs, primarily due to the net effect of (a) higher data usage and call volume and (b) lower rates, (iv) lower costs of £5.8 million relating to the amortization of an acquisition accounting adjustment to reflect an unfavorable capacity arrangement at fair value in connection with the LG/VM Transaction, (v) decreased costs associated with our non-cable subscriber base and (vi) an increase of £2.0 million related to the impact of the release of an accrual associated with the settlement of an operational contingency during the second quarter of 2013;
- A decrease in personnel costs of £18.1 million or 7.2%, primarily due 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 a decrease in the level of other capitalizable activities more than offset an increase in capitalizable costs associated with the adoption of Liberty Global's accounting policies during the Successor periods;
- A decrease in mobile handset costs of £7.9 million or 6.2%, primarily due 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) decreased mobile handset sales to third-party retailers;
- An increase in installation and other direct costs of £7.2 million associated with B2B services;
- A decrease in certain direct costs of £6.5 million associated with our non-cable subscriber base;
- A decrease in outsourced labor and professional fees of £4.0 million or 4.3%, primarily due to lower call center costs; and
- An increase in information technology-related expenses of £2.8 million, primarily due to increased costs from contract renewals and additional support requirements.

### ***SG&A expenses***

Our total SG&A expenses (exclusive of share-based compensation) increased £32.8 million or 6.0% during 2014, as compared to 2013. This increase includes an increase of £1.0 million attributable to the impact of an acquisition. Excluding the effects of the acquisition and FX, SG&A expenses increased £34.0 million or 6.3%. This increase includes the following factors:

- An increase in marketing and advertising costs of £11.2 million or 5.0%, primarily due to the net effect of (i) higher costs associated with advertising campaigns and (ii) lower third-party sales commissions;
- An increase in information technology-related expenses of £4.7 million, primarily due to higher software and other information technology-related maintenance costs;

- An increase in outsourced labor and professional fees of £4.2 million or 17.2%, primarily due 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;
- An increase in staff-related costs of £0.6 million or 0.3%, primarily due to the net effect of (i) higher incentive compensation costs, (ii) a net decrease in defined benefit and contribution plan costs, (iii) decreased staffing levels as a result of integration and reorganization activities and (iv) annual wage increases; and
- A net increase resulting from individually insignificant changes in other SG&A expense categories.

### ***Share-based compensation expense***

Our share-based compensation expense after the LG/VM Transaction represents amounts allocated to our company by Liberty Global and related employer taxes. 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 parent's equity and is offset by any amounts recharged to us by Liberty Global, as further described in note 13 to the December 31, 2015 Consolidated Financial Statements. Prior to the LG/VM Transaction, share-based compensation expense 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>2014</b>	<b>2013</b>
	<b>in millions</b>	
Performance-based incentive awards (a) .....	£ 7.0	£ 13.0
Other share-based incentive awards .....	26.8	94.6
Total (b) .....	<u>£33.8</u>	<u>£107.6</u>

- (a) Includes share-based compensation expense related to PSUs and the Challenge Performance Awards.
- (b) In connection with the LG/VM Transaction, Liberty Global issued Liberty Global Virgin Media Replacement Awards to employees and former directors of our company in exchange for corresponding Old Virgin Media awards. 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.

For additional information concerning our share-based compensation, see note 12 to the December 31, 2015 Consolidated Financial Statements.

### ***Related-party fees and allocations, net***

We recorded related-party fees and allocations, net, related to corporate services performed by Liberty Global and our company of £36.6 million and £27.9 million during 2014 and 2013, respectively. These charges generally relate to management, finance, legal, technology and other corporate and administrative services provided to our subsidiaries. For additional information, see note 13 to the December 31, 2015 Consolidated Financial Statements.

### ***Depreciation and amortization expense***

Our depreciation and amortization expense increased £207.5 million or 14.8% during 2014, as compared to 2013. Excluding the effects of FX, depreciation and amortization expense increased £210.5 million or 15.0%. This increase is primarily due to the net effect of (i) 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, (ii) a decrease associated with certain assets becoming fully depreciated and (iii) 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 items, net, of £12.7 million and £88.4 million during 2014 and 2013, respectively. The 2014 amount includes the net effect of (i) restructuring charges of £16.2 million, primarily related to employee severance and termination costs related to certain reorganization activities that we implemented following the completion of the LG/VM Transaction, and (ii) a gain from the disposition of assets of £4.6 million. The 2013 amount includes (a) severance and other costs of £33.1 million, (b) direct acquisition costs associated with the LG/VM Transaction of £54.3 million, (c) a £9.4 million charge related to the impairment of certain network assets and (d) an £8.5 million gain related to the disposal of certain assets. Substantially all of the severance and other costs during 2014 and 2013 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 third-party interest expense increased £36.8 million or 8.8% during 2014, as compared to 2013, primarily due to the net effect of (i) higher average outstanding third-party debt balances and (ii) lower weighted average interest rates. The decrease 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 third-party indebtedness, see note 9 to the December 31, 2015 Consolidated Financial Statements.

### ***Interest expense—related-party***

Our related-party interest expense decreased £9.4 million or 15.3% during 2014, as compared to 2013, due to the net effect of (i) interest expense incurred on the VM Ireland Note and (ii) interest expense incurred during 2013 on a related-party note payable to LGI that we entered into in connection with the LG/VM Transaction and subsequently repaid in full during the third quarter of 2013. For additional information regarding the VM Ireland Note, see note 13 to the December 31, 2015 Consolidated Financial Statements.

### ***Interest income—related-party***

Our related-party interest income increased £122.7 million during 2014, as compared to 2013, primarily due to interest income earned on related-party notes receivable from LG Europe 2 that we entered into following the LG/VM Transaction. For additional information regarding our related-party interest income, see note 13 to the December 31, 2015 Consolidated Financial Statements.

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

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

	Year ended December 31,	
	2014	2013
	in millions	
Cross-currency and interest rate derivative contracts (a) . . . . .	£53.9	£(231.0)
Equity-related derivative instruments (b) . . . . .	(6.0)	81.1
Foreign currency forward contracts . . . . .	0.7	(1.7)
Total . . . . .	<u>£48.6</u>	<u>£(151.6)</u>

- (a) The gain during 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 and (ii) losses associated with decreases in market interest rates in the pound sterling market. In addition, the gain during 2014 includes a net loss of £25.3 million resulting from changes in our credit risk valuation adjustments. The loss during 2013 is primarily attributable to the net effect of (a) losses associated with an increase in the value of the pound sterling relative to the U.S. dollar and (b) 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.
- (b) These amounts represent activity related to the Virgin Media Capped Calls and, during 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 6 and 7 to the December 31, 2015 Consolidated Financial Statements and *Quantitative and Qualitative Disclosures about Market Risk* below.

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

The details of our foreign currency transaction gains (losses), net, are as follows (in millions):

	Year ended December 31,	
	2014	2013
		pro forma
U.S. dollar denominated debt issued by our company . . . . .	£(109.7)	£155.4
Related-party payables and receivables denominated in a currency other than the entity's functional currency (a) . . . . .	(36.4)	(38.5)
Cash and restricted cash denominated in a currency other than the entity's functional currency . . . . .	(1.7)	21.5
Other . . . . .	(4.2)	2.3
Total . . . . .	<u>£(152.0)</u>	<u>£140.7</u>

- (a) The 2014 amount primarily relates to our euro-denominated notes receivable from LGE Holdco V BV that were entered into during 2014. Accordingly, this amount is a function of movements of the euro against the pound sterling. During the fourth quarter of 2014, the euro-denominated notes receivable from LGE Holdco V BV were converted to equity and as a result, we no longer record foreign currency transaction gains (losses) related to these notes. The 2013 amount primarily relates to our U.S. dollar-denominated notes receivable from LG 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 LG Europe 2 were redenominated to pound sterling and as a result, we no longer record foreign currency transaction gains (losses) related to these notes.

For information regarding how we manage our exposure to foreign currency risk, see *Quantitative and Qualitative Disclosures about Market Risk—Foreign Currency Risk* below.

***Gains (losses) on debt modification and extinguishment, net***

We recognized gains on debt modification and extinguishment, net, of £20.1 million and £0.5 million during 2014 and 2013, respectively. The gain during 2014 is attributable to (i) the write-off of £103.9 million of unamortized premium, (ii) the payment of £74.4 million of redemption premium and (iii) the write-off of £9.4 million of deferred financing costs.

For additional information concerning our losses on debt modification and extinguishment, net, see note 9 to the December 31, 2015 Consolidated Financial Statements.

***Income tax expense***

We recognized income tax expense of £21.4 million and £215.6 million during 2014 and 2013, respectively.

The income tax expense during 2014 differs from the expected income tax benefit of £30.5 million (based on the U.S. federal income tax rate of 35%), primarily due 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) non-deductible or non-taxable foreign currency exchange results. The negative impacts of these items were partially offset by the positive impacts of (a) statutory tax rates in certain jurisdictions in which we operate that are lower than the U.S. federal income tax rate and (b) a net decrease in valuation allowances.

The income tax expense during 2013 differs from the expected income tax benefit of £61.3 million (based on the U.S. federal income tax rate of 35%), primarily due 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 10 to the December 31, 2015 Consolidated Financial Statements.

### ***Net earnings (loss)***

During 2014 and 2013, we reported net losses of £108.6 million and £390.6 million, respectively, including (i) operating income of £274.1 million and £209.3 million, respectively, (ii) net non-operating expense of £361.3 million and £384.3 million, respectively, and (iii) income tax expense of £21.4 million and £215.6 million, respectively.

### **Liquidity and Capital Resources**

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

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

At June 30, 2016, we had cash and cash equivalents of £28.4 million, all of which 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 liquidity 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 LG 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 7 to the June 30, 2016 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 LG 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.

Our parent company, Virgin Media, and certain Liberty Global subsidiaries are co-guarantors of the indebtedness of certain other Liberty Global subsidiaries. We do not believe these guarantees will result in material payments in the future.

##### ***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 7 to the June 30, 2016 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***

At June 30, 2016, the outstanding principal amount of our consolidated third-party debt, together with our capital lease obligations, aggregated £11,130.3 million, including £482.8 million that is classified as current in our condensed consolidated balance sheet and £10,652.6 million that is not due until 2021 or thereafter. For additional information concerning our current debt maturities, see note 7 to the June 30, 2016 Condensed Consolidated Financial Statements.

As further discussed in note 4 to the June 30, 2016 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 our Covenant EBITDA 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 Covenant EBITDA 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.

Notwithstanding our negative working capital position at June 30, 2016, 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 June 30, 2016 have been borrowed or incurred by our subsidiaries. For additional information concerning our debt and capital lease obligations, see note 7 to the June 30, 2016 Condensed Consolidated Financial Statements.

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

*Condensed Consolidated Statements of Cash Flows—Six Months ended June 30, 2016 compared to Six Months ended June 30, 2015*

*Summary.* Our condensed consolidated statements of cash flows for the six months ended June 30, 2016 and 2015 are summarized as follows:

	<b>Six months ended June 30,</b>		
	<b>2016</b>	<b>2015</b>	<b>Change</b>
	<b>in millions</b>		
Net cash provided by operating activities . . . . .	£ 827.3	£ 846.7	£ (19.4)
Net cash used by investing activities . . . . .	(857.1)	(1,421.2)	564.1
Net cash provided by financing activities . . . . .	34.7	555.0	(520.3)
Effect of exchange rate changes on cash . . . . .	3.3	2.3	1.0
Net increase (decrease) in cash and cash equivalents . . . . .	<u>£ 8.2</u>	<u>£ (17.2)</u>	<u>£ 25.4</u>

*Operating Activities.* The decrease in net cash provided by our operating activities is primarily attributable to the net effect of (i) a decrease in cash provided due to higher payments for interest, (ii) an increase in cash provided due to higher cash receipts related to derivative instruments, (iii) an increase in cash provided due to higher receipts of related-party interest income and (iv) a decrease in cash provided by our Segment OCF and related working capital items.

*Investing Activities.* The decrease in net cash used by our investing activities is primarily attributable to the net effect of (i) a decrease in cash used of £993.8 million associated with cash paid in connection with the VM Ireland Acquisition in 2015 and (ii) an increase in cash used to fund loans to subsidiaries of Liberty Global of £427.4 million.

The capital expenditures that we report in our condensed consolidated statements of cash flows do not include amounts that are financed under capital-related 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 this discussion, we refer to (i) our capital expenditures as reported in our condensed consolidated statements of cash flows, which exclude amounts financed under capital-related vendor financing or capital lease arrangements, and (ii) our total property and equipment additions, which include our capital expenditures on an accrual basis and amounts financed under capital-related vendor financing or capital lease arrangements. For further details regarding our property and equipment additions, see note 6 to the June 30, 2016 Condensed Consolidated Financial Statements.

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

	<b>Six months ended June 30,</b>	
	<b>2016</b>	<b>2015</b>
	<b>in millions</b>	
Property and equipment additions . . . . .	£ 538.9	£ 474.2
Assets acquired under capital-related vendor financing arrangements . . . . .	(237.0)	(150.8)
Assets acquired under capital leases . . . . .	(5.4)	(12.9)
Changes in current liabilities related to capital expenditures . . . . .	(2.8)	(13.7)
Capital expenditures . . . . .	<u>£ 293.7</u>	<u>£ 296.8</u>

The increase in our property and equipment additions is primarily due to an increase in expenditures for line extensions due in part to our Network Extension project in the U.K.

*Financing Activities.* The decrease in net cash provided by our financing activities is primarily attributable to the net effect of (i) a decrease in cash provided of £587.6 million related to lower net borrowings of third-party debt, (ii) an increase in cash provided of £26.8 million due to an increase in cash received related to derivative instruments and (iii) an increase in cash provided of £21.2 million due to lower payments for financing costs and debt premiums.

#### *Consolidated Statements of Cash Flows—2015 compared to 2014*

*Summary.* Our consolidated statements of cash flows for 2015 and 2014 are summarized as follows:

	<b>Successor</b>		<b>Change</b>
	<b>Year ended December 31,</b>	<b>Year ended December 31,</b>	
	<b>2015</b>	<b>2014</b>	
	<b>in millions</b>		
Net cash provided by operating activities . . . . .	£ 1,626.3	£ 1,682.4	£ (56.1)
Net cash used by investing activities . . . . .	(2,508.2)	(1,666.5)	(841.7)
Net cash provided (used) by financing activities . . . . .	863.1	(321.4)	1,184.5
Effect of exchange rate changes on cash . . . . .	2.4	(1.9)	4.3
Net decrease in cash and cash equivalents . . . . .	<u>£ (16.4)</u>	<u>£ (307.4)</u>	<u>£ 291.0</u>

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

*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 of £993.8 million associated with cash paid in connection with the VM Ireland Acquisition, (ii) a decrease in cash used to fund loans to subsidiaries of Liberty Global of £118.1 million and (iii) a decrease in cash used due to lower capital expenditures of £70.6 million.

The capital expenditures that we report in our consolidated statements of cash flows do not include amounts that are financed under capital-related 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 this discussion, we refer to (i) our capital expenditures as reported in our consolidated statements of cash flows, which exclude amounts financed under capital-related 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 capital-related vendor financing

or capital lease arrangements. For further details regarding our property and equipment additions and our debt, see notes 8 and 9, respectively, to the December 31, 2015 Consolidated Financial Statements.

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

	<b>Year ended December 31,</b>	
	<b>2015</b>	<b>2014</b>
	<b>in millions</b>	
Property and equipment additions . . . . .	£ 999.0	£ 915.3
Assets acquired under capital-related vendor financing arrangements . . . . .	(380.4)	(220.3)
Assets acquired under capital leases . . . . .	(16.8)	(28.8)
Changes in current liabilities related to capital expenditures . . . . .	(21.6)	(15.4)
Capital expenditures . . . . .	<u>£ 580.2</u>	<u>£ 650.8</u>

The increase in our property and equipment additions is primarily due to the net impact of (i) an increase in expenditures for support capital, such as information technology upgrades and general support systems, (ii) an increase in expenditures for new build and upgrade projects to expand service and (iii) a decrease in expenditures for the purchase and installation of customer premises equipment. During 2015 and 2014, our property and equipment additions represented 21.6% and 20.4% of our revenue, respectively. We expect the percentage of revenue represented by our aggregate 2016 consolidated property and equipment additions to range from 25% to 27%. The increases in this percentage, as compared to the corresponding 2015 percentage, is primarily attributable to anticipated increases in expenditures associated with the Network Extension. For additional information regarding the Network Extension, see Overview above. The actual amount of our 2016 consolidated property and equipment additions may vary from expected amounts for a variety of reasons, including (a) changes in (1) the competitive or regulatory environment, (2) business plans or (3) our current or expected future operating results and (b) the availability of sufficient capital. Accordingly, no assurance can be given that our actual property and equipment additions will not vary materially from our expectations.

*Financing Activities.* The change in net cash provided (used) by our financing activities is primarily attributable to (i) an increase in cash of £960.9 million related to higher net borrowings of third-party debt, (ii) an increase in cash of £134.3 million related to lower net repayments of related-party debt and (iii) an increase in cash of £60.6 million due to lower payments for financing costs and debt premiums.

#### *Consolidated Statements of Cash Flows—2014 compared to 2013*

The below discussion of our consolidated statements of cash flows is based on the historical cash flows of Virgin Media's operations for the year ended December 31, 2014, the period from June 8 to December 31, 2013 and the period from January 1 to June 7, 2013. As such, the period from January 1 to June 7, 2013 excludes the cash flows of VM Ireland.

*Summary.* Our consolidated statements of cash flows for 2014 and 2013 are summarized as follows (in millions):

	<b>Successor</b>		<b>Predecessor</b>	<b>Combined</b>	
	<b>Year ended December 31, 2014</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, 2013 (a)</b>	<b>Change</b>
Net cash provided by operating activities . . .	£ 1,682.4	£ 643.4	£ 588.1	£ 1,231.5	£ 450.9
Net cash used by investing activities . . . . .	(1,666.5)	(2,802.5)	(309.3)	(3,111.8)	1,445.3
Net cash provided (used) by financing activities . . . . .	(321.4)	1,951.9	(38.9)	1,913.0	(2,234.4)
Effect of exchange rate changes on cash . . .	(1.9)	(5.5)	0.9	(4.6)	2.7
Net increase (decrease) in cash and cash equivalents . . . . .	<u>£ (307.4)</u>	<u>£ (212.7)</u>	<u>£ 240.8</u>	<u>£ 28.1</u>	<u>£ (335.5)</u>

- (a) In order to provide a more meaningful basis for comparing the consolidated statements of cash flows for the year ended December 31, 2014 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 U.S. GAAP and has not been prepared with a view towards complying with Article 11 of Regulation S-X.

*Operating Activities.* The increase in net cash provided by our operating activities is primarily attributable to (i) an increase in the cash provided by our Segment OCF and related working capital items, (ii) an increase in cash provided due to higher interest received for related-party interest income and (iii) an increase in cash provided due to lower 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 £1,350.7 million and (ii) a decrease in cash used due to lower capital expenditures of £110.7 million.

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:

	<b>Year ended December 31,</b>	
	<b>2014</b>	<b>2013 (a)</b>
	<b>in millions</b>	
Property and equipment additions . . . . .	£ 915.3	£893.3
Assets acquired under capital-related vendor financing arrangements . . . . .	(220.3)	(34.8)
Assets acquired under capital leases . . . . .	(28.8)	(88.1)
Changes in current liabilities related to capital expenditures . . . . .	(15.4)	(8.9)
Capital expenditures . . . . .	<u>£ 650.8</u>	<u>£761.5</u>

- (a) In order to provide a more meaningful basis for comparing our property and equipment additions for the year ended December 31, 2014 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 U.S. GAAP and has not been prepared with a view towards complying with Article 11 of Regulation S-X.

The increase in our property and equipment additions is primarily due to the net impact of (i) an increase in expenditures for support capital, such as information technology upgrades and general support systems and (ii) a decrease in expenditures for the purchase and installation of customer premises equipment. During 2014 and 2013, our property and equipment additions represented 20.4% and 20.8% of our revenue, respectively.

*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 of £3,278.0 million due to a reduction in the amount of cash contributions that we received from our parent company, (ii) 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, (iii) an increase in cash of £1,974.2 million related to lower net repayments and repurchases of third-party debt and capital lease obligations, (iv) an increase in cash of £1,806.5 million related to lower net repayments of related-party debt and (v) a decrease in cash of £391.4 million received on our derivative instruments.

## Contractual Commitments

The pound sterling equivalents of our commitments as of June 30, 2016 are presented below:

	Payments due during:							Total
	Remainder of 2016	2017	2018	2019	2020	2021	Thereafter	
				in millions				
Debt (excluding interest):								
Third-party .....	£ 138.3	£ 306.2	£ 0.6	£ 0.6	£ 0.7	£2,655.8	£7,951.2	£11,053.4
Related-party .....	—	86.1	—	—	—	—	—	86.1
Capital leases (excluding interest) .....	22.6	21.7	6.4	2.3	0.6	0.2	34.2	88.0
Programming commitments ....	265.3	525.0	465.0	207.9	44.5	4.5	—	1,512.2
Network and connectivity commitments .....	388.1	83.1	26.8	8.2	6.7	4.0	13.2	530.1
Purchase commitments .....	233.7	82.3	50.6	20.3	11.6	0.4	0.3	399.2
Operating leases .....	21.1	37.0	31.2	25.3	18.3	14.5	58.8	206.2
Other commitments .....	10.8	7.5	2.9	1.8	—	—	—	23.0
Total (a) .....	<u>£1,079.9</u>	<u>£1,148.9</u>	<u>£583.5</u>	<u>£266.4</u>	<u>£ 82.4</u>	<u>£2,679.4</u>	<u>£8,057.7</u>	<u>£13,898.2</u>
Projected cash interest payments on third-party debt and capital lease obligations (b) .....	<u>£ 269.0</u>	<u>£ 581.5</u>	<u>£562.2</u>	<u>£562.4</u>	<u>£562.5</u>	<u>£ 487.6</u>	<u>£1,434.9</u>	<u>£ 4,460.1</u>

- (a) The commitments included in this table do not reflect any liabilities that are included in our June 30, 2016 condensed consolidated balance sheet other than debt and capital lease obligations.
- (b) Amounts are based on interest rates, interest payment dates, commitment fees and contractual maturities in effect as of June 30, 2016. These amounts are presented for illustrative purposes only and will likely differ from the actual cash payments required in future periods. In addition, the amounts presented do not include the impact of our interest rate derivative contracts, deferred financing costs, original issue premiums or discounts.

For information concerning our debt and capital lease obligations, see note 7 to the June 30, 2016 Condensed Consolidated Financial Statements. For information concerning our commitments, see note 11 to our Condensed Consolidated Financial Statements.

In addition to the commitments set forth in the table above, we have significant commitments under (i) derivative instruments and (ii) defined benefit plans and similar agreements, pursuant to which we expect to make payments in future periods. For information regarding projected cash flows associated with these derivative instruments, see *Projected Cash Flows Associated with Derivative Instruments* below. For information regarding our derivative instruments, including the net cash paid or received in connection with these instruments during the six months ended June 30, 2016 and 2015, see note 4 to the June 30, 2016 Condensed Consolidated Financial Statements.



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

The following table provides information regarding the projected cash flows associated with our derivative instruments. The pound sterling equivalents presented below are based on interest rates and exchange rates that were in effect as of June 30, 2016. 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, including our counterparty credit risk, see note 4 to the June 30, 2016 Condensed Consolidated Financial Statements.

	Payments (receipts) due during:							Total
	Remainder of 2016	2017	2018	2019	2020	2021	Thereafter	
				in millions				
Projected derivative cash payments (receipts), net:								
Interest-related (a) . . . . .	£(15.4)	£(35.1)	£(34.1)	£(22.3)	£(21.9)	£(12.5)	£ 37.7	£(103.6)
Principal-related (b) . . .	—	—	—	4.5	—	(60.8)	(711.1)	(767.4)
Other (c) . . . . .	(26.8)	—	—	—	—	—	—	(26.8)
Total . . . . .	<u>£(42.2)</u>	<u>£(35.1)</u>	<u>£(34.1)</u>	<u>£(17.8)</u>	<u>£(21.9)</u>	<u>£(73.3)</u>	<u>£(673.4)</u>	<u>£(897.8)</u>

- (a) Includes the interest-related cash flows of our cross-currency and interest rate swap contracts.  
(b) Includes the principal-related cash flows of our cross-currency swap contracts.  
(c) Includes amounts related to 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 June 30, 2016 Condensed Consolidated Financial Statements.

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

In connection with the preparation of the December 31, 2015 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 the December 31, 2015 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 3 to the December 31, 2015 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 68.9% of our total assets at December 31, 2015.

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 (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 facts and circumstances indicate that the carrying amount 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.

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 Segment OCF margin 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 2015 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 year ended December 31, 2015, the year ended December 31, 2014, the period from June 8 to December 31, 2013 and the period from January 1 to June 7, 2013, we recorded no material impairments of our property and equipment and intangible assets (including goodwill). For additional information, see note 8 to the December 31, 2015 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 primarily 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 year ended December 31, 2015, the year ended December 31, 2014, the period from June 8 to December 31, 2013 and the period from January 1 to June 7, 2013 was £1,557.8 million, £1,608.1 million, £941.5 million and £432.8 million, respectively. A 10% increase in the aggregate amount of the depreciation and amortization expense during 2015 would have resulted in a £155.8 million or 41.3% decrease in our 2015 operating income.

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

U.S. 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 7 to the December 31, 2015 Consolidated Financial Statements. See also note 6 to the December 31, 2015 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 year ended December 31, 2015, the year ended December 31, 2014, the period from June 8 to December 31, 2013 and the period from January 1 to June 7, 2013 our operations included net gains (losses) of £253.1 million, £48.6 million, (£203.4 million) and £51.8 million, respectively, attributable to changes in the fair values of these items.

As further described in note 6 to the December 31, 2015 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, 2015.

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 we believe to be reasonable, but which are inherently uncertain. A significant portion 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 5, 7 and 8 to the December 31, 2015 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, 2015, the aggregate valuation allowance provided against deferred tax assets was £2,607.4 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, 2015 consolidated 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 the December 31, 2015 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 have a presence 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 a number of cases, we have concluded that the more-likely-than-not threshold is not met and, accordingly, the amount of tax benefit recognized in the December 31, 2015 Consolidated Financial Statements is different than the amount taken or expected to be taken in our tax returns. As of December 31, 2015, the amount of unrecognized tax benefits for financial reporting purposes, but taken or expected to be taken on tax returns, was £13.8 million, of which £3.2 million 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's intentions to reinvest the earnings of a foreign subsidiary indefinitely in light of anticipated liquidity requirements and other relevant factors. At December 31, 2015, income and withholding taxes for which a net deferred tax liability might otherwise be required have not been provided on an estimated £5.7 billion of cumulative temporary differences on non-U.S. entities, including cumulative translation adjustments. 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 10 to the December 31, 2015 Consolidated Financial Statements.

## QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK OF VIRGIN MEDIA

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, 2015, £10.6 million or 52.5%, £5.5 million or 27.2% and £4.1 million or 20.3% of our consolidated cash balances were denominated in pound sterling, U.S. dollars and euros, respectively.

### *Foreign Currency Risk*

We are exposed to foreign currency exchange rate risk with respect to our consolidated debt in situations where our debt is denominated in U.S. dollars and euros. 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, 2015, 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 6 to the December 31, 2015 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. In this regard, we have entered into related-party foreign currency forward contracts to hedge certain of these risks. 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, 2015. For additional information concerning our derivative instruments, see note 6 to the December 31, 2015 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:

	As of December 31,		
	2015	2014	
<b>Spot rates:</b>			
Euro . . . . .	1.3559	1.2877	
U.S. dollar . . . . .	1.4734	1.5581	
	Year ended December 31,		
	2015	2014	2013
<b>Average rates:</b>			
Euro . . . . .	1.3767	1.2405	1.1776
U.S. dollar . . . . .	1.5279	1.6474	1.5644



### ***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. and Ireland 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. and Ireland.

### ***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 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. 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, 2015, we effectively paid a fixed interest rate on substantially all of our total third-party debt. 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 6 to the December 31, 2015 Consolidated Financial Statements.

*Weighted Average Variable Interest Rate.* At December 31, 2015, our variable-rate indebtedness aggregated £2.9 billion, and the weighted average interest rate (including margin) on such variable-rate indebtedness was approximately 3.7%, 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 £14.5 million. As discussed above and in note 6 to the December 31, 2015 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 instruments and undrawn debt facility 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 and undrawn debt facility is spread across a relatively broad counterparty base of banks and financial institutions. Collateral is generally not posted by either party under the derivative instruments. 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.

At December 31, 2015, our exposure to counterparty credit risk included (i) derivative assets with an aggregate fair value of £330.1 million, (ii) cash and cash equivalent and restricted cash balances of £20.3 million and (iii) aggregate undrawn debt facilities of £527.5 million.

We have entered into derivative instruments under master agreements with each counterparty that contain master netting arrangements that are applicable in the event of early termination by either party to such derivative instrument. The master netting arrangements under each of these master agreements are limited to the derivative instruments governed by the relevant master agreement and are independent of similar arrangements.

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.

In addition, where a counterparty is in financial difficulty, under the laws of certain jurisdictions, the relevant regulators may be able to (i) compel the termination of one or more derivative instruments, determine the settlement amount and/or compel, without any payment, the partial or full discharge of liabilities arising from such early termination that are payable by the relevant counterparty or (ii) transfer the derivative instruments to an alternative counterparty.

While we currently have no specific concerns about the creditworthiness of any counterparty for which we have material credit risk exposures, the current economic conditions and uncertainties in global financial markets have increased the credit risk of our counterparties and 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 6 and 7 to the December 31, 2015 Consolidated Financial Statements.

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

Holding all other factors constant, at December 31, 2015:

- (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 £464 million;
- (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 £56 million; and
- (iii) an instantaneous increase (decrease) of 10% in the value of the euro relative to the U.S. dollar would have decreased (increased) the aggregate fair value of the cross-currency contracts by approximately £33 million.

## MANAGEMENT OF VIRGIN MEDIA

**Tom Mockridge**, 61, 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 Sky. 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**, 52, became our Chief Operating Officer in April 2015. Prior to this, Mr. Buttery was Chief Customer, Technology and Networks Officer from September 2011 to April 2015 and Chief Customer and Networks Officer from January 2010 to September 2011. 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, undertaking various roles over a 15 year period.

**Maurice Daw**, 56, 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**, 50, was appointed Chief Financial Officer in June 2013. Mr. Dunn was Managing Director of UPC Netherlands B.V. from January 2011 to May 2013. Mr. Dunn joined United Pan-Europe Communications NV in May 2000 where he was Managing Director of Finance and Accounting. In January 2001, he became Chief Financial Officer of UPC Distribution, the cable television and triple-play division of UPC. Later he became managing director of Finance and Accounting of UPC Polska Sp Zoo and then served as Managing Director of UPC Ireland B.V. from 2006 to 2010. 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.

**Rob Evans**, 52, became our Chief Information, Network and Technology Officer in April 2015. Prior to this, Mr. Evans served as our Executive Director of Engineering and Supply Chain beginning in 2009. From 2006 to 2009, Mr. Evans was the Vice President of Network, Data Centres and Global Operations with BP International. Prior to this, he was Vice President of Network Engineering at Cable & Wireless from 2000 to 2006. Mr. Evans has previously held senior management roles with Schlumberger in the United States and with Hong Kong Telecom in Hong Kong and Macau. In his early career, Mr. Evans worked at STC Submarine Systems and as a technical product manager with Cable & Wireless in Europe.

**Tony Hanway**, 48, became the Chief Executive Officer of VM Ireland in October 2015. Prior to joining the Virgin Media Group, Mr. Hanway held a number of senior roles at O2 Telefonica, including CEO of O2 Ireland from 2011 to 2014. He also served as Chief Commercial Officer of Telefonica O2 Deutschland and Consumer Director of O2 Czech Republic where he was responsible for the Consumer team in Fixed and Mobile telephony. Prior to this, Mr. Hanway held senior roles with AOL UK from 1998 to 2005 where he served as Vice President of Customer Care and Managing Director of AOL Europe Time Warner Operations Ltd. In his early career Mr. Hanway held positions with AIB Bank (UK) and Gateway Computers.

**Mine Hifzi**, 50, 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**, 53, 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.

**Gregor McNeil**, 45, became our Managing Director of our Virgin Media Consumer Division in April 2015. Prior to this, Mr. McNeil was our Interim Chief Operating Officer and Deputy Chief Financial Officer and served in a number of Finance Director positions during his twelve years in the cable industry. Mr. McNeil, a qualified chartered accountant, spent his early career with Arthur Andersen undertaking various roles including in management consulting.

**Brigitte Trafford**, 51, 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 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 OF VIRGIN MEDIA

Virgin Media is indirectly wholly-owned by Liberty Global. See “*Summary Corporate and Financing Structure*”. Liberty Global is the world’s largest international TV and broadband company, with operations in more than 30 countries across Europe, Latin America and the Caribbean. Liberty Global invests in the infrastructure that empowers its customers to make the most of the digital revolution. Its scale and commitment to innovation enables it to develop market-leading products delivered through next-generation networks that connect its 29 million customers who subscribe to over 59 million television, broadband internet and telephony services. Liberty Global also serves 11 million mobile subscribers and offers WiFi service across seven million access points.

The Liberty Global Group operates in 12 European countries under the consumer brands Virgin Media, Ziggo, Unitymedia, Telenet and UPC. The LiLAC Group operates in over 20 countries in Latin America and the Caribbean under the consumer brands VTR, Flow, Liberty, Mas Movil and BTC. In addition, the LiLAC Group operates a sub-sea fiber network throughout the region in over 30 markets.



## CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS OF VIRGIN MEDIA

### 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 operating expenses, SG&A expenses, allocated share-based compensation expense, fees and allocations, net, interest income, realized and unrealized gains (losses) on derivative instruments, net, interest expense and property and equipment additions, net in the June 30, 2016 Condensed Consolidated Financial Statements and the December 31, 2015 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 cash settled unless otherwise noted below.

During the first quarter of 2015, Liberty Global transferred certain entities that incur central and other administrative costs (the "**Corporate Entities Transfer**") from one subsidiary to certain other Liberty Global subsidiaries that are outside of Liberty Global's borrowing groups. In connection with the Corporate Entities Transfer, Liberty Global changed the processes it uses to charge fees and allocate costs and expenses from one subsidiary to another. This new methodology, which 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, impacts the calculation of the "EBITDA" metric specified by our debt agreements ("**Covenant EBITDA**"). In this regard, the components of related-party fees and allocations that are deducted to arrive at our Covenant EBITDA are based on (i) the amount and nature of costs incurred by the allocating Liberty Global subsidiaries during the period, (ii) the allocation methodologies in effect during the period and (iii) 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 amount of related-party fees and allocations that will be deducted to arrive at our Covenant EBITDA in future periods. For example, to the extent that a Liberty Global subsidiary borrowing group was 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 our company would decrease (increase).

#### *Operating expenses*

Related-party operating expenses consist of the net effect of (i) recharges of £4.4 million during the six months ended June 30, 2016 and £7.6 million, £6.7 million and nil during the year ended December 31, 2015, the year ended December 31, 2014 and the period from June 8 to December 31, 2013, respectively, for network design and other services provided by our company to other Liberty Global subsidiaries and (ii) charges of £0.8 million during the six months ended June 30, 2016 and £3.4 million, £5.3 million and £2.9 million during the year ended December 31, 2015, the year ended December 31, 2014 and the period from June 8 to December 31, 2013, respectively, for network-related and other services provided to our company by other Liberty Global subsidiaries. Virgin Media recorded related-party operating expenses (credits) of (£3.6 million) during the six months ended June 30, 2016 and (£4.2 million), (£1.4 million) and £2.9 million during the year ended December 31, 2015, the year ended December 31, 2014 and the period from June 8 to December 31, 2013, respectively.

#### *SG&A expenses*

Related-party SG&A expenses primarily consist of the net effect of (i) charges of £2.1 million during the six months ended June 30, 2016 and £5.3 million, £3.9 million and nil during the year ended December 31, 2015, the year ended December 31, 2014 and the period from June 8 to December 31, 2013, respectively, for insurance-related services provided to our company by another Liberty Global subsidiary, (ii) charges of £0.7 million during the six months ended June 30, 2016 and £4.2 million, £3.9 million and £0.3 million during the year ended December 31, 2015, the year ended December 31, 2014 and the period from June 8 to December 31, 2013, respectively, for information technology-related services provided to our company by another Liberty Global subsidiary, and (iii) recharges of £0.5 million during the six months ended June 30, 2016 and £2.1 million, £3.4 million and nil during the year ended December 31, 2015, the year ended December 31, 2014 and the period

from June 8 to December 31, 2013, respectively, for network design and other services provided by our company to other Liberty Global subsidiaries. Virgin Media recorded related-party SG&A expenses of £2.2 million during the six months ended June 30, 2016 and £8.0 million, £4.7 million and £1.3 million during the year ended December 31, 2015, the year ended December 31, 2014 and the period from June 8 to December 31, 2013, respectively.

#### ***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 and related employer taxes. 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 £12.6 million during the six months ended June 30, 2016 and £24.7 million, £28.8 million and £69.5 million during the year ended December 31, 2015, the year ended December 31, 2014 and the period from June 8 to December 31, 2013, respectively.

#### ***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 services that support our company's operations. The categories of our fees and allocations, net, are as follows:

- *Operating and SG&A (exclusive of depreciation and share-based compensation).* The amounts included in this category, which are generally loan settled, represent our estimated share of certain centralized technology, management, marketing, finance and other operating and SG&A expenses of Liberty Global's European operations, whose activities benefit multiple operations, including operations within and outside of our company. The amounts allocated represent our estimated share of the actual costs incurred by Liberty Global's European operations, without a mark-up. Amounts in this category are generally deducted to arrive at our Covenant EBITDA. Virgin Media recorded operating and SG&A related fees and allocations of £17.9 million during the six months ended June 30, 2016 and £24.4 million, £16.9 million and £7.7 million during the year ended December 31, 2015, the year ended December 31, 2014 and the period from June 8 to December 31, 2013, respectively.
- *Depreciation.* The amounts included in this category, which are generally loan settled, represent our estimated share of depreciation of assets not owned by our company. The amounts allocated represent our estimated share of the actual costs incurred by Liberty Global's European operations, without a mark-up. Virgin Media recorded depreciation related fees and allocations of £8.7 million during the six months ended June 30, 2016 and £11.8 million, £8.8 million and £4.9 million during the year ended December 31, 2015, the year ended December 31, 2014 and the period from June 8 to December 31, 2013, respectively.
- *Share-based compensation.* The amounts included in this category, which are generally loan settled, represent our estimated share of share-based compensation associated with Liberty Global employees who are not employees of our company. The amounts allocated represent our estimated share of the actual costs incurred by Liberty Global's European operations, without a mark-up. Virgin Media recorded share-based compensation related fees and allocations of £11.8 million during the six months ended June 30, 2016 and £22.2 million, £2.8 million and £1.0 million during the year ended December 31, 2015, the year ended December 31, 2014 and the period from June 8 to December 31, 2013, respectively.
- *Management fee.* The amounts included in this category, which are generally loan settled, represent our estimated allocable share of (i) operating and SG&A expenses related to stewardship services provided by certain Liberty Global subsidiaries and (ii) the mark-up, if any, applicable to each category of the related-party fees and allocations charged to our company. Virgin Media recorded management fees of £23.0 million during the six months ended June 30, 2016 and £29.2 million, £8.1 million and £7.5 million during the year ended December 31, 2015, the year ended December 31, 2014 and the period from June 8 to December 31, 2013, respectively.

During the first three quarters of 2014, a subsidiary of Liberty Global allocated technology-based costs to our company and other Liberty Global subsidiaries based on each subsidiaries' estimated proportionate share of

these costs. During the fourth quarter of 2014, the approach used to charge technology-based fees was changed to a royalty-based method. For the six months ended June 30, 2016, the year ended December 31, 2015 and the year ended December 31, 2014, our proportional share of the technology-based costs of £13.0 million, £20.0 million and £17.0 million, respectively, was £6.3 million, £6.3 million and £13.6 million, respectively, more than the actual amount charged under the royalty-based method. Accordingly, the excess of £6.3 million, £6.3 million and £13.6 million, respectively, has been reflected as a deemed contribution of technology-related services in our consolidated statements of owners' equity. The fees charged under the new royalty-based method are expected to escalate in future periods. Any excess of these charges over our estimated proportionate share of the underlying technology-based costs will be classified as a management fee and added back to arrive at Covenant EBITDA.

### ***Interest income***

Related-party interest income relates to related-party notes, as further described below. Virgin Media recorded related-party interest income of £132.8 million during the six months ended June 30, 2016 and £246.5 million, £229.7 million and £107.0 million during the year ended December 31, 2015, the year ended December 31, 2014 and the period from June 8 to December 31, 2013, respectively.

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

Realized and unrealized gains (losses) on derivative instruments, net relates to related-party foreign currency forward contracts with Liberty Global Europe Financing BV ("**LGE Financing**"), a subsidiary of Liberty Global. Virgin Media recorded realized and unrealized gains (losses) on derivative instruments, net of £7.7 million during the six months ended June 30, 2016 and (£6.7 million), (£1.9 million) and £0.3 million during the year ended December 31, 2015, the year ended December 31, 2014 and the period from June 8 to December 31, 2013, respectively.

### ***Interest expense***

Related-party interest expense during 2016 relates to interest expense associated with the note payable to LG Europe 2. Related-party interest expense during 2015 relates to interest expense associated with the note payable to LG Europe 2 and the VM Ireland Note. Related-party interest expense during 2014 and 2013 relate to interest expense associated with the VM Ireland Note. In addition, £5.8 million of this interest expense during 2013 is due to a related-party note to LGI that we entered into in connection with the LG/VM Transaction. During the Successor period from June 8 to December 31, 2013, repayments were made on the note aggregating £832.2 million and as of December 31, 2013, the note was fully repaid. This note bore interest at a rate of 7.5%. Virgin Media recorded related-party interest expense of £2.1 million during the six months ended June 30, 2016 and £5.7 million, £52.0 million and £38.3 million during the year ended December 31, 2015, the year ended December 31, 2014 and the period from June 8 to December 31, 2013, respectively.

### ***Property and equipment additions, net***

Related-party property and equipment additions, net, which are generally cash settled, represent the net carrying values of (i) customer premises and network-related equipment acquired from other Liberty Global subsidiaries, which centrally procure equipment on behalf of our company and various other Liberty Global subsidiaries, and (ii) equipment transferred to or from other Liberty Global subsidiaries outside of Virgin Media. Total related-party property and equipment additions, net, were £41.3 million during the six months ended June 30, 2016 and £46.0 million, £32.7 million and £16.1 million during the year ended December 31, 2015, the year ended December 31, 2014 and the period from June 8 to December 31, 2013, respectively.

### ***Current note receivable***

Current notes receivable represent (i) accrued interest on the long-term notes receivable from LG Europe 2, including £39.0 million (equivalent) and £38.7 million (equivalent), respectively, owed to our subsidiary, Virgin Media Finco Limited, and (ii) certain receivables from other Liberty Global subsidiaries arising in the normal course of business. The accrued interest on the long-term notes receivable from LG Europe 2 is payable semi-annually on April 15 and October 15 and may be cash settled or, if mutually agreed, loan settled. The other receivables are settled periodically.

### **Long-term notes receivable**

Virgin Media has the following notes receivable:

- (i) notes receivable from LG Europe 2 that are owed to Virgin Media Finco Limited (the “**2023 8.5% LG Europe 2 Notes Receivable**”). These notes mature on April 15, 2023 and bear interest at a rate of 8.5%. At each of June 30, 2016 and December 31, 2015, the principal amount outstanding under these notes was £2,174.6 million. As further described in note 4 to our December 31, 2015 Consolidated Financial Statements, the decrease during 2015 relates to the £122.7 million cash repayment from LG Europe 2. During the fourth quarter of 2013, the portion of these notes that was denominated in U.S. dollars (£947.3 million) was redenominated 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 LG Europe 2 and reflected as an increase to the loan balance. LG 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 LG Europe 2 that is owed to Virgin Media Finco Limited. At June 30, 2016 and December 31, 2015, the principal amount outstanding under this note was £1,822.7 million and £1,197.4 million, respectively. The increase during the 2016 period relates to (i) £2,235.1 million of cash advances, (ii) £1,671.1 million of cash repayments, (iii) £79.1 million of non-cash advances and (iv) £17.8 million of non-cash repayments. During the fourth quarter of 2015, the amount outstanding on a current note receivable was transferred to this long-term note receivable. Pursuant to the loan agreement, the maturity date is July 16, 2023, however Virgin Media Finco Limited may agree to advance additional amounts to LG Europe 2 at any time and LG Europe 2 may, with agreement from Virgin Media Finco Limited, repay all or part of the outstanding principal at any time prior to the maturity date. The note receivable is subject to further borrowings and repayments. The interest rate on this loan, which is subject to adjustment, was 5.366% as of June 30, 2016;
- (iii) a note receivable from LG Europe 2 that was owed to us until all outstanding principal and interest balances were converted to equity during the fourth quarter of 2015. At December 31, 2014, this note had a principal balance of \$19.9 million (£13.5 million) and bore interest at a rate of 7.875%. The net decrease during 2015 relates to (i) a £465.8 million decrease resulting from the aforementioned conversion of the then remaining principal balance to equity, (ii) £448.1 million of cash borrowings, (iii) £5.2 million (equivalent at the transaction date) in capitalized interest, (iv) £2.3 million of cash repayments and (v) an increase of £2.0 million due to the cumulative transaction adjustment. The net decrease during 2014 relates to (a) cash borrowing of £97.0 million (equivalent at the transaction date), (b) cash repayments of £165.0 million, (c) £8.3 million (equivalent at the transaction date) in capitalized accrued interest and (d) an increase of £7.7 million due to the cumulative translation adjustment; and
- (iv) a note receivable from Liberty Global that is owed to us. At June 30, 2016 and December 31, 2015, this note, which matures on June 4, 2018, had a principal balance of \$19.5 million (£14.8 million) and \$19.3 million (£14.5 million), respectively. This note bears interest at a rate of 1.8%. The increase during the 2016 period relates to an increase of (i) £1.6 million due to the cumulative translation adjustment during the period and (ii) £0.1 million (equivalent at the transaction date) in capitalized accrued interest. The increase during 2015 relates to an increase of (i) £0.7 million due to the cumulative translation adjustment and (ii) £0.2 million (equivalent at the transaction date) in capitalized accrued interest. The increase during 2014 relates to an increase of (a) £0.7 million due to the cumulative translation adjustment and (b) £0.2 million (equivalent at the transaction date) in capitalized 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. The accrued interest on this note receivable is payable semi-annually on January 15 and July 15 and may be cash settled or, if mutually agreed, loan settled, and is included in other long-term assets, net in our condensed consolidated balance sheets.

During the year ended December 31, 2014, we entered into notes receivable from (i) LGE Holdco V BV, a subsidiary of Liberty Global, and (ii) Liberty Global Incorporated Limited, a subsidiary of Liberty Global, the

balances of which were converted to equity during the fourth quarter of 2014. The activity of the note receivable from LGE Holdco V BV included cash borrowings of £270.6 million (equivalent at the transaction date) and various non-cash decreases of £4.1 million. During the fourth quarter of 2014, the outstanding balance of £266.5 million was converted to equity. The activity of the note receivable from Liberty Global Incorporated Limited included cash borrowings of £115.0 million (equivalent at the transaction date) and various non-cash increases of £8.1 million. During the fourth quarter of 2014, the outstanding balance of £123.1 million was converted to equity.

***Related-party debt***

Virgin Media has the following related-party debt:

- (i) The LG Europe 2 Note represents a note payable to LG Europe 2 that originated in December 2015. This note matures on December 18, 2017 and bears interest at a rate of 5.26%. The increase during the 2016 period relates to £14.1 million of cash borrowings. Accrued interest may be, as agreed to by our company and LG Europe 2, (i) transferred to the loan balance annually on January 1 or (ii) repaid on the last day of each month and on the date of principal repayments.
- (ii) The VM Ireland Note represents the principal amount owed under the VM Ireland Note. Following Virgin Media's February 2015 acquisition of the right to receive amounts due under the VM Ireland Note in connection with the VM Ireland Acquisition, the amounts payable and receivable under the VM Ireland Note eliminate in consolidation.



## DESCRIPTION OF OTHER INDEBTEDNESS OF VIRGIN MEDIA

*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 on June 14, 2013 and as amended and restated on July 17, 2015 and July 30, 2015 (the “**VM Credit Facility**”).

The VM Credit Facility allows any borrower to enter into additional term loan facilities (which may include any ancillary facility and/or documentary credit facility) 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).

### Accession Agreements to the VM Credit Facility

There have been numerous accessions of Additional Facilities under the VM Credit Facility. As of June 30, 2016, the following accession agreements have been entered into:

- an accession agreement relating to the £100.0 million term loan (“**VM Facility D**”) dated April 17, 2014;
- an accession agreement relating to the £849.4 million term loan (“**VM Facility E**”), dated April 17, 2014;
- an accession agreement relating to the \$1,855.0 million term loan (“**VM Facility F**”), dated May 29, 2015;
- an accession agreement relating to the €75.0 million term loan (“**VM Facility G**”), dated March 31, 2016;
- an accession agreement relating to the €25.0 million term loan (“**VM Facility H**”), dated March 31, 2016;

### Structure

The details of the borrowings under the VM Credit Facility, as of June 30, 2016, are summarized in the following table.

VM Facility	Final maturity date	Interest rate	Facility amount		Unused borrowing capacity	Carrying value (a)
			Borrowing currency	Pound sterling equivalent		
			in millions			
D .....	June 30, 2022	LIBOR + 3.25% (b)	£ 100.0	£ 100.0	£ —	£ 99.8
E .....	June 30, 2023	LIBOR + 3.50% (b)	£ 849.4	849.4	—	847.7
F .....	June 30, 2023	LIBOR + 2.75% (b)	\$1,855.0	1,398.1	—	1,388.8
G .....	January 15, 2022	EURIBOR + 3.00% (c)	€ 75.0	62.6	—	62.6
H .....	March 31, 2021	EURIBOR + 3.75% (c)	€ 25.0	20.9	—	20.9
VM Revolving						
Facility (d) .....	December 31, 2021	LIBOR + 2.75%	(e)	675.0	675.0	—
Total .....				£3,106.0	£675.0	£2,419.8

(a) The carrying values of VM Facilities D, E, and F include the impact of discounts.

(b) VM Facilities D, E and F each have a LIBOR floor of 0.75%.

(c) VM Facilities G and H have a EURIBOR floor of 0.75% and 0.0%, respectively.

- (d) The VM Revolving Facility has a fee on unused commitments of 1.1% per year.
- (e) The VM Revolving Facility is a multi-currency revolving facility with maximum borrowing capacity equivalent to £675.0 million.

### ***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. However, the lenders under the VM Credit Facility have consented to the release of certain asset security such that the only security that will remain in place is security over shares in obligors held by members of the bank group, security over all of the rights of the relevant creditors in relation to subordinated shareholder loans to members of the bank group, security over all of the shares in Virgin Media Finance PLC, Virgin Media Communications Limited and Virgin Media Investment Holdings Limited and each of their immediate subsidiaries and security over loans made by Virgin Media Finance PLC, Virgin Media Communications Limited and Virgin Media Investment Holdings Limited and each of their immediate subsidiaries to any other member of the bank group. Such release of security may be implemented at the election of the obligors.

### ***Mandatory Prepayment***

In addition to mandatory prepayments from disposal proceeds or in the event of illegality, not less than 30 business days following the occurrence of a change of control (other than a change of control in relation to a Post-Closing Reorganisation or a Spin-Off (as defined in the VM Credit Facility)), if the Instructing Group (as defined below) so requires, the facility agent may cancel the lenders' commitments and declare the lenders' outstanding loans immediately 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. No available commitments which have been cancelled under this Agreement may thereafter be reinstated.

### ***Financial Covenants***

In the event that on the last day of a ratio period the aggregate of the outstanding revolving credit facilities and any outstanding Additional Facility that is a revolving facility and the net indebtedness outstanding under each ancillary facility exceed an amount equal to  $33 \frac{1}{3}$  per cent. of the aggregate of the revolving facility commitments and any additional facility commitments that is a revolving facility and each ancillary facility commitment, the ratio of Total Net Debt to Annualised EBITDA on that day shall not exceed 5.50:1 unless otherwise agreed in writing by the Composite Revolving Facility Instructing Group and VMIH.

### ***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, (iii) declare that all or part of the loans be payable on demand and (iv) (subject to the terms of the intercreditor agreement) enforce its rights in respect of security.

## ***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) substantially 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 (subject to a 10 business day snooze-you-lose provision and adjustments for pending notified prepayments and cancellation); 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 uncanceled commitments under the Senior Finance Documents (as defined therein) at the relevant date of determination.

**“Composite Revolving Facility Instructing Group”** means a Lender (as defined therein) or group of Lenders the aggregate of whose Revolving Facility Commitments (as defined therein) and Additional Facility Commitments (as defined therein) in relation to a revolving facility amount in aggregate to more than 50 per cent. of the Revolving Facility Commitments and Additional Facility Commitments in relation to a revolving facility.

## ***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 \$500.0 million (£376.8 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 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 and on a senior subordinated basis by VMIH and VMIL.

As of June 30, 2016, there was an aggregate principal amount of \$95.0 million (£71.6 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 \$900.0 million (£678.3 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 £400.0 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 the 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 and Virgin Media Communications and on a senior subordinated basis by VMIH and VMIL.

As of June 30, 2016, there was an aggregate principal amount of \$118.7 million (£89.4 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 Bank of New York Mellon, London Branch as trustee under the relevant indenture (for the purposes of this section, 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 \$530.0 million (£399.4 million) (the “**2023 VM Dollar Senior Notes**”) and sterling denominated 7.0% Senior Notes due 2023 with an aggregate principal amount outstanding of £250.0 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 and Virgin Media Communications and on a senior subordinated basis by VMIH and VMIL.

In October 2014, Virgin Media Finance issued U.S. dollar denominated 6.0% senior notes due 2024 with an aggregate principal amount outstanding of \$500.0 million (£376.8 million) (the “**2024 VM Dollar Senior Notes**”) and sterling denominated 6.375% senior notes due 2024 with an aggregate principal amount outstanding of £300.0 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 and Virgin Media Communications and on a senior subordinated basis by VMIH and VMIL.

On January 28, 2015, Virgin Media Finance issued U.S. dollar denominated 5.75% senior notes due 2025 with an aggregate principal amount outstanding of \$400.0 million (£301.5 million) (the “**2025 VM Dollar Senior Notes**”) and euro denominated 4.5% senior notes due 2025 with an aggregate principal amount outstanding of €460.0 million (£383.9 million) (the “**2025 VM Euro Senior Notes**” and together with the 2025 VM Dollar Senior Notes, the “**2025 VM Senior Notes**”). Interest is payable on the 2025 VM Senior Notes on January 15 and July 15 each year, beginning on July 15, 2015.

#### **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 \$500.0 million (£376.8 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 £650.0 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 June 30, 2016, there was an aggregate principal amount of \$447.9 million (£337.6 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 (£753.6 million) (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 2021 VM Senior Secured Notes**”). The April 2021 VM Senior Secured Notes mature on April 15, 2021.



As of June 30, 2016, there was an aggregate principal amount of \$900.0 million (£678.3 million) April 2021 VM Dollar Senior Secured Notes and £990.0 million April 2021 VM Sterling Senior Secured Notes outstanding.

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 \$425.0 million (£320.3 million) (the “**2025 VM Dollar Senior Secured Notes**”), sterling denominated 5.50% senior secured notes due 2025 with an aggregate principal amount outstanding of £430.0 million (the “**2025 VM 5.50% Sterling Senior Secured Notes**”), and sterling denominated 6.25% senior secured notes due 2029 with an aggregate principal amount outstanding of £225.0 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 £175.0 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 5.50% Sterling Senior Secured Notes and 2029 VM Senior Secured Notes on January 15 and July 15 each year, beginning on January 15, 2015.

As of June 30, 2016, there was an aggregate principal amount of £387.0 million 2025 VM 5.50% Sterling Senior Secured Notes outstanding.

On January 28, 2015, Virgin Media Secured Finance issued sterling denominated 5.125% senior secured notes due 2025 with an aggregate original principal amount outstanding of £300.0 million (the “**2025 VM 5.125% Sterling Senior Secured Notes**” and together with the 2025 VM 5.50% Sterling Senior Secured Notes, and the 2025 VM Dollar Senior Secured Notes, the “**2025 VM Senior Secured Notes**”). Interest is payable on the 2025 VM Senior Secured Notes on January 15 and July 15 each year, beginning on July 15, 2015.

On March 30, 2015, Virgin Media Secured Finance issued sterling denominated 4.875% senior secured notes due 2027 with an aggregate principal amount outstanding of £525.0 million (the “**2027 VM Senior Secured Notes**”) and U.S. dollar denominated 5.25% senior secured notes due 2026 with an aggregate principal amount outstanding of \$500.0 million (£376.8 million) (the “**Original 2026 VM 5.25% Senior Secured Notes**”). On April 23, 2015, Virgin Media Secured Finance issued U.S. dollar denominated 5.25% senior secured notes due 2026 with an aggregate principal amount outstanding of \$500.0 million (£376.8 million) (the “**Additional 2026 VM 5.25% Senior Secured Notes**”), and together with the Original 2026 VM 5.25% Senior Secured Notes, the “**2026 VM 5.25% Senior Secured Notes**”). Interest is payable on the 2026 VM 5.25% Senior Secured Notes and 2027 VM Senior Secured Notes on January 15 and July 15 each year, beginning on January 15, 2016.

On April 26, 2016, Virgin Media Secured Finance issued U.S. dollar denominated 5.50% senior secured notes due 2026 with an aggregate principal amount outstanding of \$750.0 million (£565.3 million) (the “**2026 VM 5.50% Senior Secured Notes**”), and together with the 2026 VM 5.25% Senior Secured Notes, the “**2026 VM Senior Secured Notes**”). Interest is payable on the 2026 VM 5.50% Senior Secured Notes on February 15 and August 15 each year, beginning on February 15, 2017.

The January 2021 VM Senior Secured Notes, the April 2021 VM Senior Secured Notes, the 2025 VM Senior Secured Notes, the 2026 VM Senior Secured Notes, the 2027 VM Senior Secured Notes and the 2029 VM Senior Secured Notes rank *pari passu* with 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.

Subject to certain significant exceptions, the indentures governing the January 2021 VM Senior Secured Notes, the April 2021 VM Senior Secured Notes, the 2025 VM Senior Secured Notes, the 2026 VM Senior Secured Notes, the 2027 VM Senior Secured Notes and the 2029 VM Senior Secured Notes contain substantially similar covenants, obligations and restrictions on the activities of VMIH and certain of its respective affiliates and subsidiaries.

## VM Convertible Notes

In April 2008, Old Virgin Media issued \$1.0 billion (£753.6 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.

Effective with the July 1, 2015 completion of the LiLAC Transaction, 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) 14.0791 Class A ordinary shares of Liberty Global, 35.1665 Class C ordinary shares of Liberty Global and \$910.51 (£686.25) in cash (without interest) for each \$1,000 (£753.7) 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.

As a result of a share distribution completed by Liberty Global effective July 1, 2016, the VM Convertible Notes Indenture was amended such that the VM Convertible Notes are now exchangeable for 16.4739 Class A Liberty Global Shares, 41.5193 Class C Liberty Global Shares and \$910.51 (£686.25) in cash (without interest) for each \$1,000 (£753.7) in principal amount of VM Convertible Notes exchanged.

As of June 30, 2016, there was an aggregate principal amount of \$54.8 million (£41.3 million) of VM Convertible Notes outstanding.

### **Description of the Virgin Media 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. 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.

### **Group Intercreditor Deed**

The Group Intercreditor Deed governs the relationship among our Senior Liabilities (as defined and 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).

### ***Instructing Party***

The Instructing Party which controls, among other things, voting and enforcement with respect to and under the Group Intercreditor Deed is defined:

- (a) 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; and
- (b) at any time after our Senior Liabilities are outstanding but prior to the discharge of our secured hedging liabilities, such secured hedge counterparties whose aggregate exposure represents not less than 66<sup>2</sup>/<sub>3</sub>% of the aggregate exposure of all secured hedge counterparties 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.

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 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.

### ***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 owned by an obligor 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; and
- if the asset which is disposed of consists of all of the shares owned by an obligor 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 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, 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 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, certain related counterparties, the holders of our Existing Senior Notes, VMIH, VMIL and Virgin Media Finance. The High Yield Intercreditor Deed contains express provisions for the subordination of the senior subordinated guarantee of the Existing Senior Notes 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 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, 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 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 or if any standstill period is in effect during that 179 day period, the date on which such existing standstill period expired;
- (subject to certain exceptions) the date on which the event of default under the Senior Liabilities is no longer continuing or is remedied or waived and a corresponding notice has been provided to the Trustee under the indentures governing any of our High Yield Notes;
- cancellation of such payment blockage notice by the agent or representative of the relevant series of Senior Liabilities which initially served such notice; 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 as described below under “—*Priority of Payments*”.

### ***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 (as defined in the High Yield Intercreditor Deed) 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.

## SUMMARY OF PRINCIPAL DOCUMENTS

### Trust Deed

On the Issue Date, the Issuer, the Notes Trustee, the Security Trustee, the Registrar, Paying Agent and Transfer Agent, the Administrator and the Account Bank will enter into the Trust Deed, under which the Notes will be constituted. Pursuant to the Trust Deed, the Issuer will covenant to (i) pay to or to the order of the Notes Trustee all interest, principal and other amounts in respect of the Notes, and (ii) comply with the covenants set out therein. The Trust Deed will also contain provisions in relation to the application of funds of the Issuer both before and after service of an Enforcement Notice (as defined in Condition 1 (“*Definitions and Principles of Construction—General Interpretation*”))). See Condition 3 (“*Status, Priority and Security*”).

Pursuant to the Trust Deed, the Issuer will appoint the Notes Trustee and the Security Trustee. On the Issue Date, the Trust Deed will also create the security interests over the Notes Collateral, as further described in “*General Description of Virgin Media’s Business, the Issuer and the Offering—Overview of the Structure of the Offering of the Notes—Notes Collateral*” in favor of the Security Trustee and for the benefit of the Secured Parties. Each Secured Party party to the Trust Deed (other than the Security Trustee) will agree that it will not be entitled to take, and will not take, any steps whatsoever to enforce its rights in respect of the security created by the Notes Security Documents, or to direct the Security Trustee to do so, save where the Security Trustee has become bound to do so following service of an Enforcement Notice and has failed to do so within a reasonable period of time. The Trust Deed will contain representations by the Issuer to the effect that the Issuer was and will be, subject to the security interests created by the relevant Notes Security Document, absolutely entitled to such Notes Collateral free from all encumbrances of any kind, other than Permitted Encumbrances (as defined therein).

If an Issuer Event of Default (as defined in Condition 10 (“*Issuer Events of Default*”)) occurs and is continuing, the Notes Trustee may, and upon the instructions of the Noteholders (including by an Extraordinary Resolution) shall declare all the Notes to be due or payable in accordance with the Conditions and the Trust Deed; *provided that*, upon the occurrence of an Issuer Event of Default described in Condition 10(b)(v) (“*Issuer Events of Default—Events*”), the Note Acceleration Notice (as defined in Condition 10(a) (“*Issuer Events of Default—Determination of an Issuer Event of Default*”)) will be deemed to have been given and all the Notes will immediately become due and payable. See Condition 10 (“*Issuer Events of Default*”) included elsewhere in this Offering Circular for full list of events constituting an Issuer Event of Default under the Trust Deed. Following the service of a Note Acceleration Notice on the Issuer, the Security Trustee or the Noteholders may serve an Enforcement Notice on the Issuer, declaring the security created by the Notes Security Documents to be enforceable. Upon receipt of any Enforcement Notice, the Issuer will be required to promptly (within 10 Business Days) deliver to the Obligors an Obligor Enforcement Notification pursuant to the Framework Assignment Agreement, in accordance with Condition 11(b) (“*Enforcement—Enforcement Notice*”).

The Trust Deed will contain provisions requiring each of the Notes Trustee and the Security Trustee (except where expressly provided otherwise) to have regard to the interests of the Noteholders as a class in the exercise and performance of all its powers, trusts, authorities, duties and discretions. If, in the opinion of the Notes Trustee or Security Trustee, as the case may be, there is a conflict of interest between the interests of two or more groups of Noteholders, the Notes Trustee or the Security Trustee, as the case may be, will have regard only to the interests of, and will take instructions from, the group which holds the greater amount of Notes outstanding. The Trust Deed further stipulates that, so long as any of the Notes remain outstanding, the Notes Trustee and the Security Trustee, as the case may be, shall have no regard to the interests of any Secured Party other than the Noteholders, or to the interests of any other person.

The Trust Deed contains standard limited recourse and non-petition provisions with respect to the Issuer.

The Trust Deed will be governed by English law.

### Agency and Account Bank Agreement

On or about the Issue Date, the Issuer, VMIH, the Notes Trustee, the Security Trustee, the Administrator, the Account Bank, the Paying Agent, the Transfer Agent and the Registrar (each of the Administrator, the Account Bank, the Paying Agent, the Transfer Agent and the Registrar an “**Agent**” and together, the “**Agents**”) will enter into an English law agency and account bank agreement (the “**Agency and Account Bank Agreement**”). Pursuant to the Agency and Account Bank Agreement, the Issuer will appoint:

- (i) the Administrator to: (a) maintain records relating to the Assigned Receivables acquired, and New VM Facilities Loans advanced, by the Issuer in order to, *inter alia*, make certain specified calculations,

reports and notifications, (b) perform comparisons of such records and notify the Issuer of any apparent discrepancies, with a view to performing a reconciliation of such records, (c) manage the receipt of periodic payments arising from maturing Assigned Receivables as well as payments of interest and principal arising from New VM Facilities Loans into the relevant Issuer Transaction Accounts, (d) manage payments from the Issuer arising from the purchase, from time to time, of VM Accounts Receivable by the Issuer to the Platform Provider, (e) manage the advance of any New VM Facilities Loans (and demands for repayments thereof and any other payments) made by the Issuer to the New VM Facilities Borrower under the New VM Facilities Agreement, (f) perform various calculations in connection with the aforementioned duties, including (but not limited to), 6 Business Days prior to each Interest Payment Date, calculation of any Term Shortfall Payment or Term Excess Arrangement Payment (each as defined in “*General Description of Virgin Media’s Business, the Issuer and the Offering—Overview of the Structure of the Offering of the Notes*”) to be made between the Issuer and VMIH, which shall be equal to the difference between (i) the amount of interest due and payable on the Notes on such Interest Payment Date, and (ii) the amount of any interest accrued pursuant to the Excess Cash Loans, the Issue Date Facility Loan, the Premium accrued in respect of Assigned Receivables, and the Retained Amount Interest accrued in respect of any Retained Amounts (each as defined in “*General Description of Virgin Media’s Business, the Issuer and the Offering—Overview of the Structure of the Offering of the Notes*”) (which has been deposited into the Interest Proceeds Account 6 Business Days prior to such Interest Payment Date), and (g) notify VMIH if such periodic payments arising from maturing Assigned Receivables and payments of interest and principal arising from New VM Facilities Loans are not received in full or if, for any reason, there are insufficient funds standing to the credit of the relevant Issuer Transaction Account for the transfer of any sums previously determined by the Administrator;

- (ii) the Account Bank to: (a) hold such monies as may be deposited from time to time with it in the relevant Issuer Transaction Account, (b) apply such monies as it may from time to time be so directed in writing by the Issuer or by the Administrator acting on behalf of the Issuer, (c) make payments as instructed by the Administrator (acting on behalf of the Issuer) or the Issuer on certain specified dates and times, and (d) receive all income and other payments made to it with respect to the Assigned Receivables acquired, and the New VM Facilities Loans advanced by, the Issuer and credit such income promptly upon receipt thereof to the relevant Issuer Transaction Account;
- (iii) the Paying Agent to act as the paying agent of the Issuer with respect to payments of principal, interest, or any other payments in respect of the Notes (including, without limitation, prepayments) of which it is notified by the Notes Trustee, the Administrator (acting on behalf of the Issuer) or the Issuer;
- (iv) the Transfer Agent to act as its agent in facilitating transfers of the Notes, in accordance with the Trust Deed, on behalf of the Issuer; and
- (v) the Registrar to: (a) register all transfers of Notes, (b) receive any document in relation to or affecting the title to any of the Notes, including all forms of transfer, forms of exchange, probates, letters of administration and powers of attorney, (c) maintain proper records of the details of all documents received by itself or the Transfer Agent, (d) prepare all such lists of Noteholders as may be required by the Issuer, the Notes Trustee or the Paying Agent or any person authorized by any of the foregoing and (e) notify the Paying Agent, upon its request and not less than seven days prior to each Interest Payment Date, of the names and addresses of all registered Noteholders at the close of business on the record date specified as well as the amounts of their holdings in order to enable the Paying Agent to make or arrange for payment to the Noteholders of interest payable in respect of the Notes or amounts required to redeem the Notes, as the case may be;

Each Agent may resign its appointment at any time, and shall not be obliged to provide any reason for such resignation or be responsible for any expenses or other liabilities incurred by the Issuer, by giving the Issuer (with a copy to the Administrator and the Notes Trustee) at least 60 days’ prior written notice and, with respect to the Administrator only, 180 days’ prior written notice to that effect, *provided that* no such notice shall take effect until a replacement agent which agrees to exercise the powers and undertake the duties conferred and imposed upon such Agent has been appointed.

The Issuer may, at any time, with the prior written approval of the Notes Trustee (except with respect to the Administrator and the Account Bank, in which case no such prior written approval shall be required), appoint additional Agents and/or terminate the appointment of any Agent by giving to the Administrator, the Notes Trustee, the Security Trustee, the Agent concerned and the other Agents at least 60 days’ prior written notice to that effect, provided that it will maintain at all times a Registrar, Paying Agent, Account Bank, Administrator and/or Transfer Agent and provided always that no such notice shall take effect until a new Registrar, Paying Agent, Account Bank, Administrator and/or Transfer Agent, as applicable (approved in advance in writing by the Notes Trustee) which agrees to exercise the powers and undertake the duties conferred and imposed upon such Agent has been appointed.

The Agency and Account Bank Agreement contains standard limited recourse and non-petition provisions with respect to the Issuer.

The Agency and Account Bank Agreement will be governed by English law.

### **Framework Assignment Agreement**

On or about the Issue Date, the Issuer, as purchaser, will enter into the Framework Assignment Agreement with, among others, the Platform Provider, the Obligors' Parent, The Bank of New York Mellon, London Branch as administrator and Virgin Media Ireland Ltd. as the "Excluded Buyer" (the "**Excluded Buyer**"). Under the Framework Assignment Agreement, from time to time commencing on the Issue Date, the Issuer may purchase and have assigned to it on a non-recourse basis, up to the total amount of Committed Principal Proceeds, and the Platform Provider may sell and assign on a non-recourse basis, eligible VM Accounts Receivable that are made available by Suppliers and uploaded by the Obligors to the SCF Platform.

Each VM Account Receivable to be purchased by the Issuer must meet, and the Obligors' Parent will represent and warrant (on behalf of itself and as agent for the Obligors) on the date of each Assignment (each such date, an "**Assignment Date**") in accordance with the Framework Assignment Agreement, that such VM Account Receivable meets, the following eligibility criteria: that such VM Account Receivable (i) (with respect to the Payment Obligation component of such VM Account Receivable only) is owed by the Obligors on a joint and several basis; (ii) (with respect to the Payment Obligation component of such VM Account Receivable only) is governed by English law; (iii) is denominated in pounds sterling; (iv) is the legal, valid and binding obligation of the Obligors party thereto; (v) is capable of being freely and validly transferred in the manner provided by the Framework Assignment Agreement, so that on purchase the Issuer will receive good title; (vi) is due and payable in full without any right of set-off, counterclaim or deduction in favor of the Obligors; and (vii) has a maturity date that is no later than two Business Days prior to the Maturity Date of the Notes.

Additionally, immediately prior to each Assignment Date, the Platform Provider will represent and warrant that it is entitled to assign the relevant Payment Obligation pursuant to the terms of the Framework Assignment Agreement, and that it has not assigned, transferred or otherwise disposed of, or created any encumbrance or security interest over, such Payment Obligation. Furthermore, the Platform Provider will provide certain undertakings, including, among other things: (a) that it shall comply in a timely manner with its obligations under the relevant SCF Platform Documents with respect to each Assignment Framework Note and exercise the same degree of care with regard to the Payment Obligations relating thereto as it would if it had not entered into such Assignment Framework Note; (b) that it shall not, without the prior written consent of the Issuer, take any action that would adversely affect a Payment Obligation or the Issuer's interest(s) therein (including any extension of the date for payment of any Payment Obligation, any reduction, cancellation or termination of the amount or in the liability of any Obligor in respect of any Payment Obligation (including in relation to any credit note, discount or right of set-off), and any other change which would materially prejudice the interests or rights of the Issuer); and (c) that it may, without the prior written consent of the Issuer, take such action that would result in any increase in the amount of VM Accounts Receivable which are not Assigned Receivables, or any extension in the date for payment of any VM Accounts Receivable which are not Assigned Receivables, *provided that* such action does not affect the rights or obligations of the Issuer under the Framework Assignment Agreement or in respect of any Assigned Receivables. The Platform Provider will also provide certain information undertakings, including: (a) that it shall provide the Issuer and the Administrator within five (5) Business Days at the start of each calendar month with an overview of the Assigned Receivables that have not, as at the last day of the preceding calendar month, been settled in accordance with the Framework Assignment Agreement; and (b) that if the Issuer or Administrator requests in writing copies of the SCF Platform Documents, it shall, within a reasonable timeframe and in any event within five (5) Business Days of such request, provide the Issuer and the Administrator with copies of such documentation.

Each Payment Obligation will be the joint and several obligation of VMIH and each of the Subsidiary Obligors. On the Issue Date, the eligible Subsidiary Obligors will be Virgin Media Limited, Virgin Mobile Telecoms Limited and Virgin Media Senior Investments Limited. For the avoidance of doubt, although the Excluded Buyer is historically a "Buyer Entity" under the APMSA, it will not be an eligible Subsidiary Obligor under the Framework Assignment Agreement on and following the Issue Date, and therefore, none of the Assigned Receivables will be owed by it. For a further description of the release and discharge of the Excluded Buyer from any and all obligations owed to the Issuer in accordance with the Framework Assignment Agreement, see "*—Purchases of VM Accounts Receivable with Requested Purchase Price Amounts*" below.

### ***Purchases of VM Accounts Receivable with Requested Purchase Price Amounts***

On or shortly following the Issue Date (as further described in “*Description of Virgin Media—Capitalization of Virgin Media*” included elsewhere in this Offering Circular), the Platform Provider is expected to sell and assign to the Issuer VM Accounts Receivable for a Requested Purchase Price Amount of £334.3 million, which the Issuer will fund with all or a portion of the Committed Principal Proceeds. See the section entitled “*Use of Proceeds*” included elsewhere in this Offering Circular. In connection with such sale and assignment, the Platform Provider will deliver to the Issuer:

1. an Assignment Framework Note to be accepted and agreed to by the Issuer, pursuant to which the Issuer will agree, among other things, to purchase Payment Obligations (and the Receivables related thereto, solely to the extent that such Receivables have been acquired by the Platform Provider), in whole but not in part, issued by the Obligors at the relevant Purchase Price Amounts in an aggregate amount equal to a limit (in respect of purchased Payment Obligations which have not been settled) specified therein (the “**Purchase Limit**”); and
2. one or more Assignment Notices instructing the Issuer to pay to the Platform Provider, as consideration for the sale and assignment of the relevant VM Accounts Receivable, a requested amount (a “**Requested Purchase Price Amount**”) on the date falling five Business Days following receipt by the Issuer of such Assignment Notice (a “**Value Date**”).

As used herein, a “**Purchase Price Amount**” means, in relation to any VM Account Receivable, an amount equal to the Outstanding Amount (as defined below) of such VM Account Receivable *less* the Applied Discount (as defined in the context of the Framework Assignment Agreement) (as defined below) calculated as at the relevant Assignment Date. “**Outstanding Amount**” means, with respect to a Payment Obligation, an amount equal to (i) the gross amount of the Approved Platform Receivable in respect of which the Payment Obligation arose, *less* (ii) the sum of all Credit Notes allocated to that Payment Obligation pursuant to the terms of the APMSA. “**Applied Discount**” refers (i) in the context of the APMSA, to the discount amount that the Platform Provider will deduct from the Certified Amount in case of a transfer of the Payment Obligation prior to the Confirmed Payment Date pursuant to the terms of the APMSA and each relevant Discounted Payments Purchase Agreement and (ii) in the context of the Framework Assignment Agreement, to the discount amount that the Platform Provider will deduct from the Certified Amount in the case of a transfer of the Payment Obligation prior to the Confirmed Payment Date pursuant to the terms of the APMSA and each relevant Discounted Payments Purchase Agreement, *less* the Platform Provider Processing Fee.

From time to time following the Issue Date, the Platform Provider may, at its discretion (but not more than once per week prior to the service of a notice of termination (as further described below)) and to the extent that the Requested Purchase Price Amount specified in such Assignment Notice together with all other outstanding Requested Purchase Price Amounts which have not been applied towards the purchase of VM Accounts Receivable would not exceed £50.0 million at such time (the “**Requested Purchase Price Amount Aggregate Limit**”), serve further Assignment Notices (which may also be Primary Assignment Notices (as defined and further described below under “*Collections on Assigned Receivables and Further Purchases of VM Accounts Receivable with Collected Principal Amounts*”)) to the Issuer pursuant to the relevant Assignment Framework Note.

Following the receipt of an Assignment Notice, so long as no Non-Compliance Event (as defined below) has occurred and is continuing, the Issuer will pay, on the relevant Value Date, the relevant Requested Purchase Price Amount (which may be adjusted as further described below) to the Platform Provider, which shall have the effect of the Platform Provider immediately selling and assigning, without further action on the part of any person or entity, all of its rights, title and interest in and to the relevant Payment Obligations (and the Receivables related thereto, solely to the extent that such Receivables have been acquired by the Platform Provider) at the relevant Purchase Price Amounts to the Issuer pursuant to the relevant Assignment Framework Note.

Concurrently with an Assignment as described above, the Platform Provider, the Issuer and the Obligors’ Parent (on its own behalf and on behalf of each Obligor and the Excluded Buyer as “Buyer” under the APMSA) will unconditionally and irrevocably release and discharge the Excluded Buyer from all undertakings, liabilities and obligations (whether actual or contingent and whether past, present or future) arising from or in connection with the relevant Payment Obligations which are the subject of such Assignment created by the Framework Assignment Agreement, any Assignment Framework Note, and the SCF Platform Documents to which the Excluded Buyer is party (collectively, the “**Excluded Obligations**”), and from all claims (to the extent they relate to the Excluded Obligor) arising under such documents. For the avoidance of doubt, such releases and



discharges will not prejudice the rights, titles, interests and claims of the Platform Provider against the Excluded Buyer in respect of any Payments Obligations and Receivables which have not been sold and assigned by the Platform Provider to the Issuer under the Framework Assignment Agreement. The assignment of any Payment Obligation (and the Receivable in respect of which such Payment Obligation has arisen, solely to the extent that such Receivable has been acquired by the Platform Provider) from the Platform Provider to the Issuer (pursuant to the Framework Assignment Agreement and as described above), is referred to herein as an **“Assignment”**.

The Requested Purchase Price Amount (and the corresponding VM Accounts Receivable) will be adjusted if the aggregate of all Requested Purchase Price Amounts, together with (without double counting) the aggregate of all Purchase Price Amounts in respect of outstanding Assigned Receivables would be higher than the relevant Purchase Limit specified in that Assignment Framework Note. In such event, the Issuer must notify the Platform Provider within two Business Days of receipt of the relevant Assignment Notice (i) of such circumstance and (ii) that the Requested Purchase Price Amount will (A) be reduced to equal the amount which would cause the aggregate Requested Purchase Price Amount, together with (without double counting) the aggregate of all Purchase Price Amounts in respect of outstanding Assigned Receivables to equal such Purchase Limit and/or (B) cancelled to the extent necessary such that the relevant assignment is for the whole, and not part, of the VM Accounts Receivable.

The Issuer will not be obliged to pay a Requested Purchase Price Amount specified in an Assignment Notice if any of the following events (each, a **“Non-Compliance Event”**) have occurred and is continuing (provided that the Issuer notifies the Platform Provider, within two Business Days of the receipt of such Assignment Notice, that one or more Non-Compliance Events have occurred and of the Issuer’s intention not to comply with such Assignment Notice): (i) if the Framework Assignment Agreement or relevant Assignment Framework Note has been terminated prior to the date of such Assignment Notice; (ii) if the terms and conditions of such Assignment Notice materially deviate from the terms and conditions of the Framework Assignment Agreement or the relevant Assignment Framework Note; (iii) if a Buyer Event of Default (as defined below) is continuing in respect of any Obligor; and/or (iv) if a specified insolvency event occurs in respect of the Platform Provider which directly results in the Platform Provider not continuing its business as contemplated under the Framework Assignment Agreement. If, following the receipt of a Requested Purchase Price Amount on a Value Date, the Platform Provider has acquired (or determines that it will on such Value Date acquire) insufficient VM Accounts Receivable to apply the whole of the Requested Purchase Price Amount received on such Value Date, the Platform Provider will either (i) serve, on such Value Date, one or more notices (substantially in the form set out in the Framework Assignment Agreement, each, a **“Purchase Price Return Notice”**) to the Issuer and, on the Business Day following the date of such Purchase Price Return Notice (a **“Settlement Date”**), pay to the Issuer Collection Account, the excess Requested Purchase Price Amount not applied towards the purchase of VM Accounts Receivable (such excess, the **“Excess Requested Purchase Price Amount”**); or (ii) retain such Excess Requested Purchase Price Amount for a period of up to four Business Days following such Value Date (an **“Excess Retention Period”**, and the final day thereof (which, at the Platform Provider’s discretion, may occur prior to the fourth Business Day following such Value Date), the **“Excess Retention Period End Date”**) to be applied towards the purchase of any VM Accounts Receivable arising during such Excess Retention Period. If the Platform Provider chooses to retain such Excess Requested Purchase Price Amount, it further agrees that (i) if the Platform Provider acquires any VM Accounts Receivable during such Excess Retention Period, it will sell and assign such VM Accounts Receivables to the Issuer (and the Platform Provider will be deemed to have served an Assignment Notice in respect of such Assigned Receivables); and (ii) on the Business Day prior to the Excess Retention Period End Date, the Platform Provider will serve a Purchase Price Return Notice in respect of any remaining Excess Requested Purchase Price Amount to the Issuer, and subsequently pay such remaining Excess Requested Purchase Price Amount to the Issuer Collection Account on such Excess Retention Period End Date, together with all Excess Requested Purchase Price Interest (as defined below) due in respect thereof. **“Excess Requested Purchase Price Interest”** shall accrue daily at the Funding Rate, calculated on any Excess Requested Purchase Price Amount retained by the Platform Provider (and not applied towards the purchase of VM Accounts Receivable), from (and including) the first day of the relevant Excess Retention Period to (and including) the relevant Excess Retention Period End Date, or such later date on which the Issuer receives such Excess Requested Purchase Price Amount together with all interest due in respect thereof. As used herein, **“Funding Rate”** means a rate equal to the per annum margin specified in Clause 13.1 of the APMSA (less the Platform Provider Processing Fee) over 1-month GBP Libor; *provided that* if 1-month GBP Libor is less than zero, 1-month GBP Libor shall be deemed to be zero.

Additionally, if on any Business Day the aggregate Requested Purchase Price Amounts held by the Platform Provider (and not applied towards the purchase of VM Accounts Receivable) exceeds the Requested Purchase Price Amount Aggregate Limit (such excess, an **“Aggregate Amount Excess”**), the Platform Provider will

immediately serve a Purchase Price Return Notice in respect of such Aggregate Amount Excess, and pay such Aggregate Amount Excess to the Issuer Collection Account on the relevant Settlement Date. Any Aggregate Amount Excess not returned to the Issuer by the relevant Settlement Date (such amount, a **“Delayed Aggregate Amount”**) shall accrue interest daily at the Funding Rate, calculated from (and including) such Settlement Date to (and including) such later date on which the Issuer receives the Delayed Aggregate Amount, together with all interest due in respect thereof (the **“Delayed Aggregate Amount Interest”**).

#### ***Collections on Assigned Receivables and Further Purchases of VM Accounts Receivable with Collected Principal Amounts***

Prior to the service of an Obligor Enforcement Notification, the Platform Provider will act as collection agent for the Issuer in respect of any Collected Amounts received or recovered relating to Assigned Receivables, in accordance with the SCF Platform Documents. Except in circumstances where certain Collected Principal Amounts are applied towards the purchase of new VM Accounts Receivable (as further described below), the Platform Provider will apply any Collected Amount, within one Business Day of receipt or recovery thereof (such scheduled date of application, a **“Collected Amount Forwarding Date”**), in or towards the repayment to the Issuer of an amount equal to the Outstanding Amount of the relevant Assigned Receivables (to the extent that such Assigned Receivables remain outstanding and has not been settled or otherwise paid to the Issuer).

From time to time, the Platform Provider may serve an Assignment Notice (a **“Primary Assignment Notice”**) which states that any Collected Principal Amounts in respect of Assigned Receivables relating to such Primary Assignment Notice are to be treated as further payments of Requested Purchase Price Amounts. So long as (i) no Non-Compliance Event has occurred and is continuing (and in respect of which the Issuer has notified the Platform Provider that the purchase mechanics described in this paragraph will not apply), (ii) the Requested Purchase Price Amount Aggregate Limit will not be exceeded upon the deemed payment of the Requested Purchase Price Amount in the New Assignment Notice (as defined below), upon receipt by the Platform Provider of any Collected Amount on an Assigned Receivable relating to such Primary Assignment Notice, or (iii) no notice of termination has been served (as further described below), then (i) the Platform Provider will be deemed to have served an Assignment Notice on exactly the same terms as the Primary Assignment Notice, except for the Requested Purchase Price Amount (which will be equal to the Collected Principal Amount that would otherwise be due and payable to the Issuer) (such notice, the **“New Assignment Notice”**); and (ii) the Platform Provider’s obligation to pay such Collected Principal Amount to the Issuer will be set off against the Issuer’s obligation to pay the Requested Purchase Price Amount under the New Assignment Notice. For the avoidance of doubt, the purchase mechanics described in this paragraph will not affect the Platform Provider’s obligation to pay to the Issuer any Premium on the relevant Collected Amount Forwarding Date. If, three Business Days following the service of a New Assignment Notice, the Platform Provider still holds any Collected Amounts which have not been utilised for the purchase of new VM Accounts Receivable (such amounts, **“Unutilised Collected Amounts”**), the Platform Provider will immediately serve a Purchase Price Return Notice to the Issuer in respect of such Unutilised Collected Amounts, and will pay such Unutilised Collected Amounts to the Issuer Collection Account on the relevant Settlement Date. The Platform Provider will pay the Issuer interest on any Retained Collected Amounts (being any Collected Amount which has not been paid to the Issuer towards satisfaction of the relevant Outstanding Amount and not been used to purchase further VM Accounts Receivable as described above). Interest on Retained Collected Amounts shall accrue daily at the Funding Rate, calculated from (and including) the relevant scheduled Collected Amount Forwarding Date to (and including) the relevant Settlement Date or such later date on which the Issuer receives the Retained Collected Amount, together with all interest due in respect thereof, as the case may be, and will be paid to the Issuer Collection Account on the relevant Settlement Date or such later date, as applicable.

#### ***Buyer Events of Default and Obligor Enforcement Notification***

The Issuer may not serve (or cause or permit to be served) a notice to the Obligors informing them of an Assignment (an **“Obligor Enforcement Notification”**) prior to the occurrence of (i) a failure by any Obligor to pay any Payment Obligation in full to the Platform Provider on the date such payment was due (taking into account any applicable grace period under the APMSA), (ii) a specified insolvency event in respect of any Obligor, (iii) a breach of the representations and warranties of the Obligors’ Parent with respect to the eligibility of the VM Accounts Receivable, which is not capable of remedy (or if such breach is capable of remedy, is not remedied within five Business Days of notice) (each such event in (i) to (iii), a **“Buyer Event of Default”**), or (iv) a specified insolvency event in respect of the Platform Provider. See *“Risk Factors—Risks relating to the Receivables and the SCF Platform—The transfer of VM Accounts Receivable under the Framework Assignment Agreement takes place only under equity until an Obligor Enforcement Notification is given to the Obligors”*.

Following the occurrence of any of the foregoing events, the Issuer may serve or direct the Platform Provider to serve an Obligor Enforcement Notification (*provided that* the Platform Provider may, but is not obliged to, serve an Obligor Enforcement Notification at any time as it sees fit, including upon termination of the Framework Assignment Agreement or any Assignment Framework Note and/or pursuant to the circumstances described in the paragraph below).

As soon as reasonably practicable after the occurrence of a Buyer Event of Default, the Platform Provider will, among other things, (i) provide the Issuer with notice of such Buyer Event of Default and the details thereof, as well as regular status updates with respect to the affected Assigned Receivables; (ii) turn over to the Issuer any Purchase Price Return Amount in accordance with the terms of the Framework Assignment Agreement; (iii) in consultation with the Issuer and the Obligors' Parent (provided such consultation is permitted by the terms of the Framework Assignment Agreement), take (or refrain from taking) any steps that the Platform Provider sees fit to recover all amounts payable, as well as default interest and other costs and expenses, each as permitted under the APMSA and the relevant Discounted Payments Purchase Agreement(s); (iv) be indemnified by the Obligors' Parent within ten (10) Business Days after the relevant demand for all expenses (including all legal expenses), costs and losses reasonably incurred and claims incurred in connection with the exercise or enforcement of any rights in connection with Assigned Receivables; and (v) if an agreement cannot be reached as to what steps (if any) are to be taken or refrained from being taken following a Buyer Event of Default in accordance with paragraph (iii) above, the Platform Provider may (or will, if so requested by the Issuer and provided that the Issuer has complied with its payments obligations under the Framework Assignment Agreement), serve an Obligor Enforcement Notification on any Obligor, following which the below consequences will apply in respect of the relevant Assigned Receivables.

Following service of an Obligor Enforcement Notification, the Platform Provider will cease to act as the Issuer's collection agent in respect of the relevant Assigned Receivables, and shall hold any amounts received by it in respect of the relevant Assigned Receivables on behalf of the Issuer.

#### ***Assignment and Termination***

The Issuer may assign or transfer its rights under the Framework Assignment Agreement and the Assignment Framework Notes (including its rights to Assigned Receivables) in the following circumstances: (a) if such assignment is by way of security by the Issuer as part of the financing activities of the Issuer (including as part of a capital markets transaction) (the "**Issuer's Financing Activities**") or in connection with the enforcement of such security; or (b) with the prior written consent of each other party to the Framework Assignment Agreement (which shall not be unreasonably withheld or delayed); *provided that* the Issuer may only assign or transfer its rights or obligations under the Framework Assignment Agreement or (in accordance with the procedures described in the following paragraph) under an Assignment Framework Note and all related Assigned Receivables to a transferee, in each case with the Platform Provider's approval (at its sole discretion; *provided further that* the Platform Provider's approval shall not be unreasonably withheld or delayed for an assignment or transfer by the Issuer which is contemplated by or permitted under the transaction documents entered into in connection with the Issuer's Financing Activities). Similarly, the Platform Provider may assign or transfer its rights under the Framework Assignment Agreement in the same such specified circumstances; *provided, however*, that the Platform Provider may assign or transfer any of its rights in Assigned Receivables to an affiliate without the consent of any other party, and may also assign or transfer any of its rights or obligations under the Framework Assignment Agreement, as the provider and administrator of the SCF Platform, to an affiliate with the prior written consent of the Issuer (which shall not be unreasonably withheld or delayed).

Transfer will be effected when the Platform Provider executes an otherwise duly completed transfer certificate in the form substantially set out in the Framework Assignment Agreement (a "**Transfer Certificate**") delivered to it by the Issuer and the third party transferee. The Platform Provider is only obliged to execute such Transfer Certificate once it is satisfied that all necessary "know your customer" or other similar checks required under applicable law have been complied with. Upon such transfer becoming effective, the Platform Provider and the Issuer shall be released from further obligations towards one another under the relevant Assignment Framework Note and related Assigned Receivables, the transferee shall become a party to the relevant Assignment Framework Note in the Issuer's place, and the Platform Provider shall update its system to designate the relevant transferee as the owner of the relevant VM Accounts Receivable.

The Framework Assignment Agreement and/or any Assignment Framework Note issued thereunder may be terminated by the Platform Provider upon 10 Business Days' prior notice to the other parties thereto; *provided that* the effective date of such termination shall not be earlier than the effective date of termination of the

APMSA (as further described below). See “*Risk Factors—Risks relating to the Receivables and the SCF Platform—The Framework Assignment Agreement may be terminated without the consent of the Issuer*”. Additionally, the Platform Provider may terminate the Framework Assignment Agreement and/or any Assignment Framework Note with immediate effect by notice to the other parties upon the occurrence of any of the following events: (a) a breach of material obligations of the Obligors’ Parent and/or the Issuer (subject to a 30 days grace period); (b) a material breach of the representations and warranties of the Obligors’ Parent and/or the Issuer (subject to a 30 days grace period); or (c) if a specified insolvency event has occurred in respect of the Obligors’ Parent and/or the Issuer.

The Framework Assignment Agreement and/or any Assignment Framework Note issued thereunder may also be terminated by the Issuer upon 10 Business Days’ prior notice to the other parties thereto. Additionally, the Issuer may terminate the Framework Assignment Agreement and/or any Assignment Framework Note with immediate effect by notice to the other parties upon the occurrence of any of the following events: (a) a breach of material obligations of the Obligors’ Parent and/or the Platform Provider (subject to a 30 days grace period); (b) a material breach of the representation and warranties of the Obligors’ Parent and/or the Platform Provider (subject to a 30 days grace period); or (c) if a specified insolvency event has occurred in respect of the Obligors’ Parent and/or the Platform Provider, as applicable.

Following the service of a notice of termination of the Framework Assignment Agreement and/or any Assignment Framework Note: (a) no further Assignment Notices shall be served, and no New Assignment Notices shall be deemed served, by the Platform Provider; (b) the Platform Provider shall provide the Issuer, as soon as reasonably practicable after such termination, with a report showing the relevant Assigned Receivables which have not been settled at such time; (c) the rights of the Platform Provider to demand refunds, reimbursements or other payments with respect to the relevant Assigned Receivables which have not been settled at such time, and any rights, remedies, obligations or liabilities of any of the parties to the Framework Assignment Agreement that have accrued up to the effective date of termination, shall not be affected and shall survive such termination; (d) the Platform Provider may choose to exercise its right to serve an Obligor Enforcement Notification, as described above; and (e) the parties shall continue to be bound by the relevant confidentiality provisions in the Framework Assignment Agreement until such later date as set out in the Framework Assignment Agreement.

The Framework Assignment Agreement contains standard limited recourse and non-petition provisions with respect to the Issuer.

The Framework Assignment Agreement will be governed by English law.

### **Accounts Payable Management Services Agreement**

On or before the Issue Date, the Platform Provider and the Obligors will enter into the Accounts Payable Management Services Agreement, or the APMSA. Under the terms of the APMSA, the Obligors (which, as used in the sections entitled “*—Accounts Payable Management Services Agreement*” and “*—Discounted Payments Purchase Agreement*” shall include reference to the Obligors’ Parent, the eligible Subsidiary Obligors and/or the Excluded Buyer, as the context may require, and, as used in the same sections, “Subsidiary Obligors” shall include reference to the eligible Subsidiary Obligors and/or the Excluded Buyer, as the context may require) are “Buyer Entities” who may upload Electronic Data Files containing details of Receivables payable to a Supplier on to the SCF Platform to enable the purchase by the Platform Provider of such Receivables (and the Parent Payment Obligations arising in respect thereof) from the relevant Supplier.

Additional Subsidiary Obligors may accede to the APMSA by entering into an accession letter (substantially in form set out in the APMSA) with the Platform Provider and the Obligors’ Parent, and an existing Subsidiary Obligor may cease to be a “Buyer Entity” for the purposes of the APMSA if the Platform Provider or Obligors’ Parent provides written notice to such effect. Pursuant to the Agency and Account Bank Agreement, the Obligors’ Parent will undertake to the Issuer that the Obligors’ Parent may notify the Platform Provider of a resignation of a Subsidiary Obligor only if all Outstanding Amounts owed by such Subsidiary Obligor (as principal obligor) in respect of its Assigned Receivables have been settled in accordance with the APMSA on or prior to the date of its resignation, and the Obligors’ Parent will agree to promptly provide written notification of the same to the Issuer (or the Administrator on its behalf).

From time to time, an Obligor may execute an Upload and designate such uploaded Receivables as “approved”. Each Approved Platform Receivable will initially give rise to a Parent Payment Obligation, being a



new, independent and primary, irrevocable, legal, valid and binding obligation by VMIH to make payment or cause payment of the Certified Amount to be made to the relevant recipient on the Confirmed Payment Date in respect thereof. Each Obligor agrees that, immediately following such designation, the relevant Obligor shall pay the Certified Amount in full (without any deduction or withholding) and no Obligor shall be entitled to claim set-off or counterclaim against any party in relation to the payment of the whole or part of such Certified Amount. Upon each Initial Transfer (being the sale and assignment of a Parent Payment Obligation and the applicable Receivable related thereto from the Supplier to the Platform Provider through the SCF Platform), the relevant Parent Payment Obligation will become a Payment Obligation, pursuant to which each Obligor will become jointly and severally liable with each other Obligor to make payment or cause payment to be made to the relevant recipient on the Confirmed Payment Date in respect thereof. Each Obligor acknowledges that, upon such Initial Transfer, it and each other Obligor shall be liable by itself and for each other Obligor to pay the Certified Amount in full (without any deduction or withholding) and no Obligor shall be entitled to claim set-off or counterclaim against any party in relation to the payment of the whole or part of such Certified Amount.

The obligations of the Obligors described above will not be affected by an act, omission, matter or thing which, but for the relevant provisions of the Framework Assignment Agreement, would reduce, release or prejudice any of such obligations, including: (a) any time, waiver or consent granted to, or composition with, any Obligor or other person; (b) the release of any Obligor or other person under the terms of any composition or arrangement with any creditor of any person (other than the relevant recipient of any VM Account Receivable); (c) any failure to realize the full value of any security; (d) any incapacity or lack of power, authority or legal personality of an Obligor or any other person; (e) any amendment, novation, supplement or restatement (however fundamental) or replacement of the APMSA or any other documents; (f) any unenforceability, illegality or invalidity or any obligation of any person under the APMSA; or (g) any insolvency or similar proceedings. Each Obligor also waives any right it may have of first requiring the Platform Provider to proceed against or enforce any other rights or security or claim from any person before claiming from them pursuant to the APMSA, regardless of any applicable law or provision to the contrary. The Obligors further agree to refrain from exercising any of the following rights which they may have under the APMSA until all amounts which may be or become payable by an Obligor in connection with the APMSA have been irrevocably paid in full: (a) to be indemnified by any other Obligor; (b) to claim contribution from any other guarantor of any Obligor's obligations under the APMSA; (c) to take the benefit of any rights of the Platform Provider under the APMSA in respect of the Obligors; (d) to bring legal or other proceedings for an order requiring any Obligor to make any payment or perform any other obligation in respect of which any Obligor has given an undertaking or indemnity under the provisions of the APMSA; (e) to exercise any right of set-off against any Obligor; and/or (f) to claim or prove as a creditor of any Obligor in competition with the Platform Provider.

The Obligors' Parent has notified the Platform Provider in writing that Eligible Platform Receivables (as defined below) may include those with a Confirmed Payment Date of up to 330 days (or, in the case of Receivables owing to specified Suppliers as notified by the Obligors' Parent to the Platform Provider, 360 days) from the issuance date of the relevant invoice. In respect of Initial Transfers of Receivables with a Confirmed Payment Date of:

- (i) up to 180 days from the issuance date of the relevant invoice, a margin of 2.50% per annum calculated on the basis of the relevant Outstanding Amounts (which includes the Platform Provider Processing Fee) over the base rate (the "**Margin**") applies to such Receivables; and
- (ii) up to 330 days (or, in the case of Receivables owing to specified Suppliers as notified by the Obligors' Parent to the Platform Provider, 360 days) from the issuance date of the relevant invoice, the Margin on such Receivables increases to 2.75% per annum calculated on the basis of the relevant Outstanding Amounts (which includes the Platform Provider Processing Fee) over the base rate, and

in each case, the relevant Margin applies from the date of the relevant Initial Transfer until the Confirmed Payment Date in respect of such Payment Obligation (and the Receivable related thereto, solely to the extent that such Receivable has been acquired by the Platform Provider). The base rate (being, in this case, GBP LIBOR with a floor of zero) is determined by the remaining tenor between the date of the relevant transfer and the Confirmed Payment Date (i.e. between 1 and 30 days, 1 month base rate will apply; between 31 and 60 days, 2 months base rate will apply). The applicable base rate plus the applicable Margin are used to calculate the Applied Discount that the Platform Provider will deduct from the Certified Amount in the case of transfer by the Platform Provider of the VM Account Receivable prior to the Confirmed Payment Date, and accordingly is used in the calculation of the Purchase Price Amount for each VM Account Receivable. The Margin under the APMSA may not be amended without the written consent of the Issuer, and pursuant to the terms of the other Transaction Documents, the Issuer will agree to provide its written consent to any amendment of the Margin



(without being required to seek the consent of the Noteholders) so long as the obligations of the New VM Facilities Borrower in favour of the Issuer under Clause 11.2 (“*Facility Fees*”) of the New VM Facilities Agreement remain in full force and effect.

Pursuant to the APMSA, the Obligors’ Parent and, as applicable, each Subsidiary Obligor appoints the Platform Provider as paying agent with respect to the settlement of any VM Account Receivable. Settlement requires the Obligors’ Parent (or, at its option, a Subsidiary Obligor) to make an electronic transfer of the Certified Amount to the Platform Provider’s designated bank account on the Confirmed Payment Date, and the Platform Provider will, in turn, transfer such Certified Amount (or part thereof as received by the Platform Provider) to the relevant recipient (which shall be the Issuer in respect of Assigned Receivables) on the same Confirmed Payment Date. Failure by any Obligor to pay all or any part of the Certified Amount by the Confirmed Payment Date will cause default interest to accrue on the unpaid sum at a rate of 1-month GBP LIBOR (floored at zero) *plus* 7% per annum, until the Certified Amount has been discharged in full.

If an Obligor wishes to reduce the amount of any Approved Platform Receivable for any reason (including as a result of any lien, right of set-off, defence, claim, counterclaim, or other certain adverse claim), it may post the amount to be deducted from such Approved Platform Receivable (each, a “**Credit Note**”) as an entry in an Electronic Data File to the SCF Platform Website and such Credit Note will be allocated to the corresponding Payment Obligation on the following Business Day. No Credit Notes may be allocated to a Payment Obligation following the relevant Certified Amount Fixed Date; however, such Credit Note will be allocated to a Payment Obligation which has not yet been transferred through the SCF Platform in accordance with the terms of the APMSA. Additionally, each Obligor agrees to be responsible for the accuracy of all information submitted by them onto the SCF Platform Website in respect of VM Accounts Receivable and the Obligors’ Parent agrees to comply with certain reporting requirements set out in the APMSA.

Under the APMSA, each Obligor represents, warrants and covenants to the Platform Provider at the date of an Upload resulting in any Payment Obligation arising and at the date of any transfer via the SCF Platform of a Payment Obligation and the Receivable related thereto (solely to the extent that such Receivable has been acquired by the Platform Provider) (including each Assignment Date), as applicable, among other things: (i) that the Approved Platform Receivable relating to each Payment Obligation meets certain criteria under the APMSA: that it is a debt owed by the relevant Obligor to a Supplier permitted to access the SCF Platform Website pursuant to the terms of the APMSA, has a Confirmed Payment Date of no more than 180, 330 or 360 days, as applicable, from the issuance date of the relevant invoice, and is denominated in one of GBP, EUR, USD, or such other currency as agreed between the Platform Provider, the Obligors’ Parent and the relevant Supplier (each such Approved Platform Receivable, an “**Eligible Platform Receivable**”); (ii) that the Approved Platform Receivable is not subject to any mortgage, charge, pledge, lien, other encumbrance or other personal right or right in rem of any third party and has, to the best of the relevant Obligor’s knowledge, not been transferred or transferred in advance; (iii) that each Payment Obligation and the Receivable related thereto (solely to the extent that such Receivable has been acquired by the Platform Provider) is free of any adverse claims, including any lien, right of set-off, netting, abatement, reduction, claim, defence or counterclaim; (iv) that each Payment Obligation and Receivable related thereto (solely to the extent that such Receivable has been acquired by the Platform Provider) can be validly transferred in accordance with the terms of the APMSA; and (v) that each Payment Obligation will be settled by an Obligor by the payment of the relevant Certified Amount on the relevant Confirmed Payment Date without withholding, deduction or set-off.

The APMSA also provides that the following occurrences, among others, constitute events of default, whereupon the Platform Provider shall have the right (but not the obligation) to suspend the provision of accounts payable management services and prohibit the creation of any further Payment Obligations (each, an “**APMSA Event of Default**”): (i) breach by any Obligor of any obligation or certain representations, warranties, covenants, or any other obligations in the APMSA, if not remedied for a period of ten days (which grace period shall not apply if such breach relates to a financial interest of an amount in excess of £5.0 million); (ii) non-payment of any amount due under the APMSA, including all or any part of any Certified Amount (subject to a grace period of one Business Day in the case of principal, and three Business Days in the case of any other amount); (iii) if any Obligor is unable, deemed unable, or admits inability to pay its debts as they fall due or is declared to be unable to pay its debts in applicable law; and (iv) any corporate action, legal proceedings or other analogous procedure or step is taken in any jurisdiction in relation to the suspension of payments, winding-up, or dissolution of any Obligor, or any composition, compromise, assignment or arrangement with any creditor of any Obligor, or the appointment of a liquidator, receiver, or other similar officer in respect of any Obligor.

The Obligors’ Parent has also agreed to provide certain indemnities to the Platform Provider under the APMSA, including (but not limited to) indemnities against any losses directly suffered for or on account of tax,

reasonable losses incurred as a direct result of any APMSA Event of Default or failure by any Obligor to pay any amount due under the APMSA, and any costs, expenses, claims or losses incurred as a result of the incorrect calculation by any Obligor of the amount of any Receivable uploaded in an Electronic Data File.

Subject to the consent of the Obligors' Parent (which will not be unreasonably withheld), the Platform Provider may assign, transfer or deal in any other manner with any VM Account Receivable that has been transferred to it, and/or all of its rights against any Obligor or under the APMSA, in part or in whole, to any third party; *provided, however*, that the Platform Provider may transfer any of its rights in VM Accounts Receivable to any of its affiliates without the consent of the Obligors' Parent if the Platform Provider promptly (and in any event, within 3 Business Days of such transfer) provides written notice to the Obligors' Parent of such transfer. No Obligor may so assign or transfer its respective rights and obligations under the APMSA without the written consent of the Platform Provider, and such consent shall not be unreasonably withheld or delayed.

Each of the Platform Provider and the Obligors' Parent may unilaterally terminate the APMSA upon notice to the other party, if such other party breaches a material provision of the APMSA and fails to cure such breach within 10 days following written notice from the other party requiring them to remedy such breach. The Platform Provider may also terminate the APMSA: (i) for any reason upon 12 months' prior written notice to the Obligors' Parent; and (ii) immediately, upon written notice, if it becomes unlawful for the Platform Provider in any applicable jurisdiction to perform any of its obligations thereunder. The Obligors' Parent may terminate the APMSA for any reason upon 20 Business Days' prior written notice to the Platform Provider. Following termination of the APMSA, the Obligors will no longer be permitted to use the SCF Platform. All rights, duties and obligations of the parties to the APMSA with respect to the Payment Obligations posted to the SCF Platform prior to the effective date of any termination shall survive the termination of the APMSA.

The Accounts Payable Management Services Agreement is governed by English law.

#### **Discounted Payments Purchase Agreements**

In conjunction with the SCF Platform, each Supplier has entered into, or will enter into, a Discounted Payments Purchase Agreement (each based on a standard form) with the Platform Provider. Each Supplier has also entered into a separate Supplier Platform Access Agreement (as defined elsewhere in this Offering Circular) with the Platform Provider, pursuant to which the Platform Provider has granted the relevant Supplier access to the SCF Platform on the terms and conditions set out therein.

Upon an Upload by an Obligor and the designation of such uploaded Receivable as "approved", (i) the price of such Receivable is increased (in accordance with the relevant supply contract, including any supplement thereto) by adding to the original face value of such Receivable the Applied Discount (as defined in the context of the APMSA) (as displayed on the SCF Platform on the relevant day); and (ii) the Supplier to which such Approved Platform Receivable relates will automatically and irrevocably offer to sell to the Platform Provider the relevant Parent Payment Obligation and the Receivable related thereto at a discounted price (the "**Net Purchase Amount**") (as determined by deducting from the grossed-up amount of the relevant invoice (calculated in accordance with the relevant supply contract, including any supplement thereto, as described above), such Applied Discount (as defined in the context of the APMSA) (as displayed on the SCF Platform on the relevant day), such that the Platform Provider pays an amount equal to the original face value of such invoice owed to the Supplier). Upon making such irrevocable offer, the Supplier agrees not to sell, offer to sell, transfer, pledge or offer as security to any other person, or consent to any other lien on, any Receivable that relates to the relevant Parent Payment Obligation. The Platform Provider may, at its sole discretion, elect to either accept or decline to purchase the relevant Parent Payment Obligation and the Receivable related thereto by posting such acceptance or rejection on the SCF Platform in accordance with the terms of the relevant Discounted Payments Purchase Agreement. If the Platform Provider accepts such offer, it shall cause the Net Purchase Amount to be paid to the relevant Supplier bank account on the same Business Day (if the acceptance takes place before 11:30AM CET) or the following Business Day (if the acceptance takes place after 11:30AM CET). Each such offer accepted by the Platform Provider pursuant to a Discounted Payments Purchase Agreement will result in the sale, assignment and transfer to the Platform Provider of all of such Supplier's rights, title and interest in and to the relevant Parent Payment Obligation and the Receivable related thereto, without any further action or documentation on the part of the Supplier, the relevant Obligor or the Platform Provider being required.

The Supplier is deemed to represent and warrant to the Platform Provider upon the date of each offer (and the date of the relevant Initial Transfer) that, with respect to each Parent Payment Obligation (and any Receivable related thereto, where applicable), among other things: (i) the Supplier (solely) holds the full legal and beneficial

right, title and interest in and to the relevant Parent Payment Obligation and the Receivable related thereto; (ii) the Supplier is entitled to sell and transfer the relevant Parent Payment Obligation and the Receivable related thereto to the Platform Provider pursuant to the terms of the relevant Discounted Payments Purchase Agreement, and the relevant Parent Payment Obligation and the Receivable related thereto is transferred to the Platform Provider following acceptance of the offer; (iii) no mortgage, charge, pledge, lien, other encumbrance or other personal right or right in rem exists in relation to the relevant Parent Payment Obligation or Receivable related thereto, and the relevant Parent Payment Obligation has not been transferred nor made subject to any mortgage, charge, pledge, lien, or other encumbrance in advance; and (iv) the Parent Payment Obligation and the Receivable related thereto is free of any adverse claims, including any lien, right of set-off, netting, abatement, reduction, claim, defence or counterclaim. Following each Initial Transfer, the Platform Provider, in its capacity as agent for the relevant Supplier, shall provide notice of such transfer to the Obligors' Parent and the relevant Subsidiary Obligor.

Additionally, pursuant to the relevant Discounted Payments Purchase Agreement, any tax applicable to the transfer from the Supplier to the Platform Provider of a Parent Payment Obligation and any Receivable related thereto shall be solely payable by that Supplier. The Supplier also represents and warrants that upon payment by the Platform Provider of the outstanding amount owing under any Parent Payment Obligation to the relevant bank account established in such Supplier's own name on the Confirmed Payment Date, the applicable Parent Payment Obligation shall be satisfied and the relevant Obligor's obligation to pay the Supplier for the corresponding Receivable shall be extinguished in an amount equal to such amount paid.

Each Discounted Payments Purchase Agreement provides that the Platform Provider shall not be liable to the Supplier for any of the following: (a) any improper use of the SCF Platform Website, or the security devices, by any authorized users or by any unauthorized persons; (b) any loss suffered by the Supplier as a result of any reliance on the content of the SCF Platform Website or any other information submitted onto the SCF Platform or derived from it; and (iii) any loss or damage arising out of, or in consequence of, any failure by the Supplier to comply with any provisions of the relevant Supplier Platform Access Agreement. Each Supplier further provides a disclaimer acknowledging that it has not relied on any representation of the Platform Provider in relation to the accounting treatment to be applied to the transactions contemplated by the relevant Discounted Payments Purchase Agreement.

Subject to the agreement of the relevant Suppliers to the standard form, each Discounted Payments Purchase Agreement gives the Platform Provider the right, without the consent of or notice to the Supplier, to assign, transfer, mortgage, charge or otherwise deal in any other manner with any or all of its rights and obligations under the relevant Discounted Payments Purchase Agreement, in whole or in part (including, for the avoidance of doubt, any of the Parent Payment Obligations and Receivables related thereto purchased by the Platform Provider thereunder). In turn, pursuant to the Framework Assignment Agreement (as described above), the Platform Provider's right, title and interest in and to the whole of each VM Account Receivable are assigned to the Issuer. No Supplier shall assign, transfer, mortgage, charge or otherwise deal in any other manner with any or all of its rights and obligations under the relevant Discounted Payments Purchase Agreement (including, for the avoidance of doubt, any of the Payment Obligations and Receivables related thereto purchased by the Platform Provider thereunder) without the written consent of the Platform Provider. Any amendment or waiver of any provision of the Discounted Payments Purchase Agreement shall only be with the consent of each of the Supplier and the Platform Provider.

The Platform Provider may terminate any Discounted Payments Purchase Agreement upon twelve (12) months' notice in writing to the Supplier. The Platform Provider may also terminate any Discounted Payments Purchase Agreement upon written notice immediately if it becomes unlawful for the Platform Provider in any applicable jurisdiction to perform any of its obligations under such agreement. Any Supplier may terminate the relevant Discounted Payments Purchase Agreement upon two (2) Business Days' advance written notice to the Platform Provider. Upon termination of any Supplier Platform Access Agreement, the corresponding Discounted Payments Purchase Agreement shall automatically terminate. Upon termination of any Discounted Payments Purchase Agreement, the Supplier shall not offer for sale to the Platform Provider, and the Platform Provider shall not purchase, any additional Payment Obligations (or any Receivables relating thereto). All amounts due to the Platform Provider under any previously transferred Payment Obligations shall remain in full force and effect, and all rights, duties and obligations of the parties with respect to the Payment Obligations posted onto the SCF Platform prior to the effective date of any termination shall survive such termination.

The Discounted Payments Purchase Agreements are governed by English law.

## New VM Facilities Agreement

The following contains a summary of the material provisions of the New VM Facilities Agreement. It does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the underlying documents. Some of the terms used herein are defined in the New VM Facilities Agreement, and the Issuer has not included all of such definitions herein.

The New VM Facilities Agreement will be a senior credit facility agreement entered into on the Issue Date between, amongst others, the Issuer as the lender, VMIH as the borrower and The Bank of New York Mellon, London Branch as the administrator. The below summary of the New VM Facilities Agreement is qualified in its entirety by reference to the text of the New VM Facilities Agreement, a copy of which is attached as Annex A to this Offering Circular.

Pursuant to the New VM Facilities Agreement, the Issuer has agreed to make available to the New VM Facilities Borrower (i) the Excess Cash Facility, (ii) the Interest Facility and (iii) the Issue Date Facility (all collectively referred to herein as the “**New VM Facilities**”). The interest rate for each interest period on (i) the Excess Cash Loans will be % per annum; (ii) the Interest Facility Loans will be 0% per annum and (iii) the Issue Date Facility Loan will be % per annum. Interest will accrue daily from and including the first day of an interest period and is payable on the date that is one Business Day before the last day of each interest period and on the date of any repayment or prepayment of a Loan, and is calculated on the basis of a 360-day year comprised of twelve 30 day months. The interest period for each Loan will commence on the Utilisation Date for that Loan and end on the next Interest Payment Date, and each successive interest period shall commence on an Interest Payment Date and end on the next Interest Payment Date.

The indebtedness under the New VM Facilities Agreement will be unsecured. The New VM Facilities Agreement will also provide that the New VM Facilities Borrower may give notice to the Administrator (on behalf of the Issuer) that it wishes to include any Affiliate of the New VM Facilities Borrower (a “**Permitted Affiliate Parent**”) and the subsidiaries of any such Permitted Affiliate Parent as members of the Group for the purposes of the New VM Facilities Agreement, subject to certain conditions being satisfied.

### ***Repayments and Prepayments***

The Excess Cash Loans will be repaid pursuant to prior notice from the Administrator confirming that the Issuer requires cash (i) for the purchase of Receivables, (ii) for the redemption of all or part of Notes or (iii) for cash in connection with an Approved Exchange Offer; *provided that*, the New VM Facilities Borrower will also repay all outstanding Excess Cash Loans by one Business Day before the earlier of (i) the Termination Date relating to the Excess Cash Facility and (ii) any date for redemption of all the Notes in full.

The Interest Facility Loans will be repaid or deemed repaid (i) pursuant to prior notice from the Administrator confirming that the Issuer requires cash for payment of interest due and payable on the Notes (subject to the receipt of any Term Shortfall Payment as described under “*General Description of Virgin Media’s Business, the Issuer and the Offering—Overview of the Structure of the Offering of the Notes—Payment of Interest on the Notes*”); (ii) in an amount equal to the Term Excess Arrangement Payment (as described under “*General Description of Virgin Media’s Business, the Issuer and the Offering—Overview of the Structure of the Offering of the Notes—Payment of Interest on the Notes*”) if due and payable by the Issuer under the New VM Facilities Agreement; (iii) in an amount equal to the amount, if any, by which the amount standing to the credit of the Lender Interest Proceeds Account (as defined in the New VM Facilities Agreement) will be insufficient to pay the interest due and payable by the Issuer on the Notes on any date for redemption of the Notes that is not an Interest Payment Date; or (iv) pursuant to prior notice from the Administrator confirming that the Issuer requires cash in connection with an Approved Exchange Offer; *provided that*, the New VM Facilities Borrower will also repay all outstanding Interest Facility Loans by one Business Day before the earlier of (i) the Termination Date relating to the Interest Facility and (ii) any date for redemption of all the Notes in full.

The Issue Date Facility Loan will be repaid on or before the Termination Date relating to the Issue Date Facility.

In addition to the repayments described above, the New VM Facilities Agreement will contain provisions in relation to voluntary prepayment. The indebtedness under the New VM Facilities Agreement may be voluntarily



prepaid, as the New VM Facilities Borrower may prepay all of the New VM Facilities Loans and cancel all of the Commitments of the Issuer on three Business Days' (or shorter period as agreed by the Administrator) prior notice, subject to certain provisions. Following receipt of notice from the Issuer that a Tax Event has occurred or will occur, on three Business Days' (or shorter period as agreed by the Administrator) prior notice, the New VM Facilities Borrower is permitted to prepay all of the Loans and cancel all of the Commitments of the Issuer, subject to certain provisions. Additionally, for so long as a Drawstop Event (as defined in the New VM Facilities Agreement) has occurred and is continuing, on three Business Days' (or shorter period as agreed by the Administrator) prior notice, the New VM Facilities Borrower is permitted to prepay all or part of the Interest Facility Loans and/or Excess Cash Loans, but such prepayment shall not result in the cancellation of the Commitments of the Issuer.

The New VM Facilities must also be prepaid (including all Assigned Receivables) on the occurrence of any illegality (as described in the New VM Facilities Agreement) subject to certain conditions.

### ***Fees***

The New VM Facilities Borrower and the Issuer will pay each other fees at the times and in the amounts as described under “*General Description of Virgin Media’s Business, the Issuer and the Offering—Overview of the Structure of the Offering of the Notes—Payment of Interest on the Notes*”.

### ***Summary of New VM Facilities Agreement***

A summary of the New VM Facilities Agreement is set forth below. This summary is qualified in its entirety by reference to the text of the New VM Facilities Agreement, a copy of which is attached as Annex A to this Offering Circular and which is incorporated herein by reference.

<b>Borrower:</b>	Virgin Media Investment Holdings Limited
<b>Guarantors:</b>	<p>Virgin Media Limited, Virgin Mobile Telecoms Limited and Virgin Media Senior Investments Limited.</p> <p>Any Subsidiary Obligor which accedes to the APMSA in accordance with its terms (other than the Excluded Buyer) shall also be a guarantor under the New VM Facilities Agreement, and any Subsidiary Obligor which resigns from the APMSA in accordance with its terms (and the terms of the Agency and Account Bank Agreement) shall cease to be a guarantor under the New VM Facilities Agreement.</p>
<b>Lender:</b>	Virgin Media Receivables Financing Notes I Designated Activity Company
<b>Group:</b>	<p>Group means:</p> <p>The New VM Facilities Borrower, any Permitted Affiliate Parent and any Subsidiary of the New VM Facilities Borrower or a Permitted Affiliate Parent from time to time, other than any Unrestricted Subsidiary.</p> <p>“<b>Unrestricted Subsidiary</b>” means:</p> <ul style="list-style-type: none"> <li>(a) any Subsidiary of the New VM Facilities Borrower or a Permitted Affiliate Parent that at the time of determination is designated an Unrestricted Subsidiary by the Board of Directors of the New VM Facilities Borrower or a Permitted Affiliate Parent; and</li> <li>(b) any Subsidiary of an Unrestricted Subsidiary.</li> </ul>
<b>Administrator:</b>	The Bank of New York Mellon, London Branch
<b>Increase Confirmation</b>	At the time of any issuance of Additional Notes, the Issuer, the Administrator and the New VM Facilities Borrower shall, by executing an Increase Confirmation (as defined in the New VM Facilities Agreement), increase the Commitments under the Excess Cash Facility, the Interest Facility and the Issue Date Facility by including new Commitments of the Issuer on the terms set out in the New VM Facilities Agreement.
<b>Purpose:</b>	<ul style="list-style-type: none"> <li>(a) The Excess Cash Loans shall be applied toward the general corporate and working capital purpose of the Group.</li> </ul>



- (b) The Interest Facility Loans shall be applied towards the general corporate and working capital purposes of the Group.
- (c) The Issue Date Facility Loan shall be applied towards the general corporate and working capital purposes of the Group.

**Interest:**

The interest rate for each interest period on:

- (i) the Excess Cash Loans will be                      % per annum;
- (ii) the Interest Facility Loans will be 0% per annum and
- (iii) the Issue Date Facility Loan will be                      % per annum.

Interest will accrue daily from and including the first day of an interest period and is payable on the date that is one Business Day before the last day of each interest period and on the date of any repayment or prepayment of a Loan, and is calculated on the basis of a 360-day year comprised of twelve 30 day months.

**Utilisation**

So long as (i) no Drawstop Event (as defined in the New VM Facilities Agreement) has occurred and is continuing and (ii) no Notes Acceleration Event (as defined in the New VM Facilities Agreement) has occurred:

- (a) Excess Cash Loans will be funded in the amounts and at the times described in “*Excess Cash Facility*”.
- (b) Interest Facility Loans will be funded in the amounts and at the times described in “*Interest Facility*”.
- (c) The Issue Date Facility Loan will be funded in the amount and at the time described in “*Issue Date Facility*”.

**Repayment:**

The Excess Cash Loans will be repaid pursuant to prior notice from the Administrator confirming that the Issuer requires cash (i) for the purchase of Receivables, (ii) for the redemption of all or part of Notes or (iii) for cash in connection with an Approved Exchange Offer; *provided that*, the New VM Facilities Borrower will also repay all outstanding Excess Cash Loans by one Business Day before the earlier of (i) the Termination Date relating to the Excess Cash Facility and (ii) any date for redemption of all the Notes in full.

The Interest Facility Loans will be repaid (i) pursuant to prior notice from the Administrator confirming that the Issuer requires cash for payment of interest due and payable on the Notes (subject to the receipt of any Term Shortfall Payment as described under “*General Description of Virgin Media’s Business, the Issuer and the Offering—Overview of the Structure of the Offering of the Notes—Payment of Interest on the Notes*”, (ii) in an amount equal to the Term Excess Arrangement Payment (as described under the “*General Description of Virgin Media’s Business, the Issuer and the Offering—Overview of the Structure of the Offering of the Notes—Payment of Interest on the Notes*”) which is due and payable under the New VM Facilities Agreement) (iii) in an amount equal to the amount, if any, by which the amount standing to the credit of the Lender Interest Proceeds Account (as defined in the New VM Facilities Agreement) will be insufficient to pay the interest due and payable by the Issuer on the Notes on any date for redemption of the Notes that is not an Interest Payment Date or (iv) pursuant to prior notice from the Administrator confirming that the Issuer requires cash in connection with an Approved Exchange Offer; *provided that*, the New VM Facilities Borrower will also repay all outstanding Interest Facility Loans by one Business Day before the earlier of (i) the Termination Date relating to the Interest Facility and (ii) any date for redemption of all the Notes in full.

The Issue Date Facility Loan will be repaid in full on or before the Termination Date relating to the Issue Date Facility.

**Voluntary Prepayment:**

- (a) Following receipt of notice from the Issuer that a Tax Event has occurred or will occur, on three business days’ (or shorter period as agreed by the

Administrator) prior notice, the New VM Facilities Borrower is permitted to prepay all of the Loans and cancel all of the Commitments of the Issuer, subject to certain provisions.

- (b) Voluntary prepayment by the New VM Facilities Borrower of all of the Loans and cancellation of all of the Commitments of the Issuer is permitted on three business days' (or shorter period as agreed by the Administrator) prior notice, subject to certain provisions.
- (c) For so long as a Drawstop Event (as defined in the New VM Facilities Agreement) has occurred and is continuing, on three Business Days' (or shorter period as agreed by the Administrator) prior notice, the New VM Facilities Borrower is permitted to prepay all or part of the Interest Facility Loans and/or Excess Cash Loans; *provided that* such prepayment shall not result in the cancellation of the Commitments of the Issuer.

**Change of Control  
Prepayment Offer:**

Within 30 Business Days of a Change of Control, the New VM Facilities Borrower shall (i) promptly notify the Issuer that a Change of Control has occurred or will occur; and (ii) offer to prepay all of the Loans outstanding and cancel the facilities under the New VM Facilities Agreement at par, specifying the date of prepayment (the "**VM Change of Control Prepayment Date**"). Within 15 days following receipt of such prepayment offer, the Issuer will launch a Maturity Consent Solicitation (as defined in the Trust Deed). Within 45 days following receipt of such prepayment offer, the Issuer shall notify the New VM Facilities Borrower of its acceptance (a "**Change of Control Acceptance**") or rejection of the prepayment offer. Following a Change of Control Acceptance, on the VM Change of Control Prepayment Date, the Commitments of the Issuer will immediately be cancelled and the New VM Facilities Borrower shall repay the Loans. The New VM Facilities Borrower shall procure that any and all Assigned Receivables are repaid or prepaid on or prior to the VM Change of Control Prepayment Date.

**Cancellation:**

Any unutilized amount of a Facility will be cancelled on the earlier of; (i) the end of its Availability Period (as defined in the New VM Facilities Agreement); and (ii) the redemption of all of the Notes in full.

**Information Undertakings:**

- (a) If a change in law or the status of the New VM Facilities Obligor or its shareholders, obliges the Administrator or the Issuer to comply with "know our customer laws", the New VM Facilities Obligor must promptly supply the necessary information.
- (b) The New VM Facilities Borrower must notify the Administrator of any Default or Event of Default within 30 days after the occurrence of any Default or Event of Default.

**Reporting Undertakings:**

The New VM Facilities Borrower or any Permitted Affiliate Parent must provide:

- (a) within 150 days after the end of each fiscal year, an annual report of the Reporting Entity.
- (b) within 60 days at the end of the first three fiscal quarters in each fiscal year, a quarterly report of the Reporting Entity.
- (c) within 10 days after the occurrence of any change in the independent public accountants of the Reporting Entity (unless such change is made in conjunction with a change in the auditor of the Ultimate Parent), any material acquisition or disposal of the Reporting Entity and its Restricted Subsidiaries, taken as a whole, and any material development in the business of the Reporting Entity and its Restricted Subsidiaries, taken as a whole.

<b>Negative Undertakings:</b>	<p>The New VM Facilities Agreement contains certain negative undertakings that, subject to certain customary and other agreed exceptions, limit the ability of the New VM Facilities Borrower, any Permitted Affiliate Parent and each Restricted Subsidiary to, amongst other things:</p> <ul style="list-style-type: none"> <li>• incur or guarantee additional indebtedness and issue certain preferred stock;</li> <li>• pay dividends, redeem capital stock and make certain investments;</li> <li>• make certain other restricted payments;</li> <li>• create or permit to exist certain liens;</li> <li>• impose restrictions on the ability of Restricted Subsidiaries to pay dividends or make other payments to the New VM Facilities Borrower, any Permitted Affiliate Parent or any other Restricted Subsidiary;</li> <li>• transfer, lease or sell certain assets including subsidiary stock;</li> <li>• merge or consolidate with other entities; and</li> <li>• enter into certain transactions with affiliates.</li> </ul>
<b>Events of Default:</b>	<p>Customary for this type of agreement, including without limitation (and subject to agreed exceptions, thresholds, materiality and grace periods):</p> <ol style="list-style-type: none"> <li>(a) non-payment of any interest on any Loan when due, which is continuing for 30 days;</li> <li>(b) non-payment of principal or premium, if any, on any Loan when due at its Termination Date;</li> <li>(c) failure of any Obligor to comply with provisions of Finance Documents after 60 days' notice; provided that the New VM Facilities Borrower or the Permitted Affiliate Parent has 90 days to comply with filing requirements (including filing of annual, quarterly and current reports);</li> <li>(d) default under any mortgage, indenture or other instrument in respect of Indebtedness for borrowed money which results from non-payment under that instrument or causes acceleration under that instrument in respect of an amount of £75 million or more;</li> <li>(e) certain events of bankruptcy, insolvency, or reorganization of the New VM Facilities Borrower, a Permitted Affiliate Parent, a Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements delivered pursuant to the New VM Facilities Agreement), would constitute a Significant Subsidiary, have been commenced;</li> <li>(f) non-payment of final judgments in excess of £75.0 million by an Obligor or a Significant Subsidiary;</li> <li>(g) a guarantee of a Significant Subsidiary ceases to be in full force and effect or is declared invalid or unenforceable in a judicial proceeding and such default continues for 30 days after notice specified in the New VM Facilities Agreement.</li> </ol>
<b>Tax:</b>	<p>All payments must be made free and clear of any taxes or deductions or withholdings for taxes whatsoever except in relation to (i) a FATCA Deduction (as defined in the New VM Facilities Agreement) or (ii) a deduction or withholding for or on account of any Bank Levy; New VM Facilities Borrower to gross-up if necessary such that amount received is equal to amount that would have been received in the absence of such taxes.</p>
<b>Amendments and Waivers:</b>	<p>Any term of the Finance Documents can be amended or waived only with the consent of the Issuer and the New VM Facilities Borrower.</p>
<b>Transferability:</b>	<p>General restriction on the New VM Facilities Obligors assigning or transferring their interests under the New VM Facilities Agreement.</p>

The Issuer may not assign its rights and obligations under the New VM Facilities Agreement without the consent of any New VM Facilities Obligor except consent of the New VM Facilities Obligors is not required in connection with security in respect of its obligations under the Notes.

**Law:** English.

**Miscellaneous:** The New VM Facilities Agreement contains service of process and submission to English jurisdiction clauses.

The New VM Facilities Agreement contains standard limited recourse and non-petition provisions with respect to the Issuer.

### **Expenses Agreement**

On the Issue Date, the Issuer will enter into the Expenses Agreement with VMIH, under which VMIH will agree to pay, or reimburse the Issuer for, certain obligations of the Issuer, including in respect of the maintenance of the Issuer's existence, certain fees and expenses in relation to the issuance of the Notes, the payment of certain tax liabilities of the Issuer (including any tax, withholding or deduction which is payable by or to be borne by the Issuer pursuant to any Transaction Document), the payment of Additional Amounts (as defined in Condition 9 ("Taxation")) pursuant to the Trust Deed following certain tax events, the payment of any premiums on any redemption pursuant to the Trust Deed and the payment of any additional interest required to be paid under the Notes on overdue principal and interest.

The Expenses Agreement contains standard limited recourse and non-petition provisions with respect to the Issuer.

The Expenses Agreement will be governed by English law.

### **Corporate Administration Agreement**

On or prior to the Issue Date, the Issuer and the Corporate Servicer entered into the Corporate Administration Agreement, pursuant to which the Corporate Servicer performs various management functions on behalf of the Issuer, including the provision of certain clerical, reporting, accounting, administrative and other services until termination of the Corporate Administration Agreement. In consideration for the foregoing, the Corporate Servicer receives various fees and other charges payable by the Issuer at rates agreed upon from time to time plus expenses.

The terms of the Corporate Administration Agreement provide that either party may terminate the Corporate Administration Agreement upon the occurrence of certain stated events, including any material breach by the other party of its obligations under the Corporate Administration Agreement which is either incapable of remedy or which is not cured within 30 days from the date on which it was notified of such breach. In addition, either party may terminate the Corporate Administration Agreement at any time by giving not less than 2 months' written notice to the other party. The termination of the Corporate Servicer becomes effective only upon the appointment by the Issuer of a successor corporate servicer.

The Corporate Administration Agreement contains standard limited recourse and non-petition provisions with respect to the Issuer.

The Corporate Administration Agreement is governed by Irish law.

### **Issue Date Arrangements Agreement**

On or before the Issue Date, VMIH, the Issuer and the Share Trustee will enter into the Issue Date Arrangements Agreement. On the Issue Date and pursuant to the Issue Date Arrangements Agreement: (i) VMIH will pay the Share Trustee £2,000,100 (comprising £2,000,000 as the subscription price for the Issue Date Shares (the "**Subscription Price**") and £100 as profit to be paid to the Share Trustee (the "**Subscriber Profit**")) in return for the Share Trustee procuring that the Issuer enters into the Transaction Documents, including the New VM Facilities Agreement and the Shortfall Payment and Excess Arrangement Payment arrangements in connection therewith, and (ii) in consideration for the Issuer agreeing to enter into the New VM Facilities Agreement and the payment by the Share Trustee of the Subscription Price and the Subscriber Profit, the Share Trustee shall subscribe for, and the Issuer shall allot, two million of the Issuer's Class B, non-voting and non-dividend bearing shares (the "**Issue Date Shares**"), credited as fully paid (together, the "**Issue Date**

**Arrangements**”). None of the Issuer, the Share Trustee or VMIH will be obliged to satisfy their respective obligations under the Issue Date Arrangements Agreement unless the Issue Date Arrangements are completed simultaneously and the Conditions to Completion (as defined below) have been completed to the satisfaction of each of the Issuer, the Share Trustee and VMIH.

Following execution of the Issue Date Arrangements, the Issuer will lend the proceeds from the Issue Date Shares in an aggregate amount equivalent to the Subscription Price to VMIH under the Issue Date Facility. Each of the Issuer, the Share Trustee and VMIH will agree, pursuant to the Issue Date Arrangements Agreement and for ease of settlement, that VMIH’s obligation to pay £2,000,100 to the Share Trustee, the Share Trustee’s obligation to pay £2,000,000 to the Issuer and the Issuer’s obligation to fund £2,000,000 as the Issue Date Facility Loan to VMIH shall all be settled, to the extent possible, on a cashless basis. Thus, in practice, nearly all of the payment by VMIH to the Share Trustee will ultimately be lent back to VMIH under the Issue Date Facility, and the sole payment to be made on the Issue Date pursuant to the Issue Date Arrangements Agreement shall be an amount of £100 representing the Subscriber Profit payable by VMIH to the Share Trustee in satisfaction of the net amount outstanding after setting off all payments due by each of the Issuer, the Share Trustee and VMIH in connection with the Issue Date Arrangements and the funding of the Issue Date Facility Loan.

Completion of the subscription for the Issue Date Shares by the Share Trustee is dependent upon the following conditions (the “**Conditions to Completion**”) having been satisfied: (i) the Share Trustee, in its capacity as the existing shareholder and holder of the 1 fully paid up and issued ordinary share of the Issuer (the “**Existing Share**”), having caused a resolution by it to be passed (a) adopting the agreed form Constitution in substitution for, and to the exclusion of, the existing constitution of the Issuer, and (b) increasing the Issuer’s share capital to the authorized share capital set out in Schedule 2 to the Issue Date Arrangements Agreement; (ii) the Issuer having caused a board meeting to be held at which it is resolved that on the Issue Date, the Issue Date Shares will be allotted and issued in accordance with the terms of the Issue Date Arrangements Agreement, and the name of the Share Trustee (or its nominee) will be entered into the register of members of the Issuer as the registered holder of the Issue Date Shares; and (iii) each of the Issuer, the Share Trustee and VMIH having entered into each Transaction Document to which it is party on the Issue Date. Upon satisfaction of the Conditions to Completion and the subscription by the Share Trustee for the Issue Date Shares, the Issuer shall, *inter alia*, enter into the New VM Facilities Agreement and deliver certain documents (including copies of the resolutions required, and minutes of the board meeting held, pursuant to the Conditions to Completion) to the Share Trustee.

As of the date of the Issue Date Arrangements Agreement, the Issuer and the Share Trustee (in its capacity as holder of the Existing Share) will each represent and warrant to the Share Trustee (in its capacity as subscriber formed under the laws of Ireland of the Issue Date Shares) that, *inter alia*: (i) the Share Trustee holds the Existing Share on charitable trust pursuant to the Declaration of Trust (as defined in “*Description of the Issuer*”); (ii) following the Share Trustee’s subscription for the Issue Date Shares, the Existing Share, together with the Issue Date Shares, comprise the whole of the allotted and issued share capital of the Issuer; (iii) save for any agreement to the contrary described in the Transaction Documents (including the Issue Date Arrangements agreed to in the Issue Date Arrangements Agreement), there is no Encumbrance (as defined in the Issue Date Arrangements Agreement) nor any agreement, arrangement or obligation to create or give any Encumbrance affecting any of the Shares or any of the issued or unissued shares of the Issuer, nor any agreement, arrangement or obligation in force which calls for the present or future allotment, issue or transfer of any share or loan capital of the Issuer, and no share or loan capital has been created, allotted, issued, acquired, repaid or redeemed by the Issuer; (iv) the Shares are fully paid up or credited as fully paid up; and (v) the execution or performance of the Issue Date Arrangements Agreement and all other Transaction Documents will not give rise to, or cause to become exercisable, any right of pre-emption over the Issue Date Shares, will not entitle any person to receive from the Issuer any finder’s fee, brokerage or other commission in connection with the subscription by the Share Trustee for the Issue Date Shares, and will not conflict with, result in the breach of, or constitute a default under, any of the terms, conditions or other provisions of any other agreement to which the Issuer is party or any provision of the constitution of the Issuer. Furthermore, the Share Trustee will represent and warrant to the Issuer and VMIH that: (i) the Shares will always be subject to the Declaration of Trust, and (ii) it will not, subject to the provisions of the other Transaction Documents, vary the terms of, or terminate, the trust constituted by the Declaration of Trust without the consent of the Issuer and VMIH.

The Issue Date Arrangements Agreement will contain standard limited recourse and non-petition provisions with respect to the Issuer.

The Issue Date Arrangements Agreement will be governed by Irish law.



## TERMS AND CONDITIONS OF THE NOTES

*The following are the terms and conditions of the Notes in the form (subject to completion and amendment) in which they will be set out in the Trust Deed. These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, and the Agency and Account Bank Agreement and the other Transaction Documents (each as defined below).*

The £350,000,000 aggregate principal amount of % Receivables Financing Notes due 2024 (the “**Notes**”) of Virgin Media Receivables Financing Notes I Designated Activity Company (the “**Issuer**”) are constituted by a trust deed (the “**Trust Deed**”) to be dated , 2016 (the “**Issue Date**”) between, among others, the Issuer, BNY Mellon Corporate Trustee Services Limited (in this capacity, together with any successor, substitute or replacement the “**Notes Trustee**”) as trustee for the holders of the time being of the Notes (the “**Noteholders**”) and security trustee (in this capacity, together with any successor, substitute or replacement, the “**Security Trustee**”) as security trustee for the Secured Parties and are subject to these terms and conditions (the “**Conditions**”).

The expression “**Notes**” shall in these Conditions, unless the context otherwise requires, include the Notes as well as any Further Notes (as defined below) issued pursuant to Condition 20 (*Issue of Further Notes*). Any Further Notes which are issued shall form a single class with the Notes issued on the Issue Date then outstanding.

### Overview of the Structure of the Offering of the Notes

As part of the Transactions, the Issuer intends to issue £350,000,000 aggregate principal amount of the Notes. As more fully described below, the proceeds from the offering of the Notes will be used to purchase eligible payment obligations and accounts receivable relating thereto owing by VMIH and certain of its subsidiaries, to make certain loans available to VMIH and for the other purposes described herein. Defined terms used but not defined herein have the meaning ascribed to them in the “*Definitions*” section at the front of this Offering Circular.

In the course of their business, VMIH and its subsidiaries purchase goods and/or services from suppliers pursuant to the terms of various supply contracts, and those suppliers issue invoices requiring the relevant Obligor (as defined below) to make payment for the purchase of such goods and/or services on the terms specified in the applicable invoice and supply contract. Each invoice evidences an amount payable by an Obligor to a Supplier (as defined below) as a result of an existing business relationship and includes all rights attaching thereto under the relevant contract to which such invoice relates and the SCF Platform Documents (as defined below) (as defined and further described in “*Description of the Receivables*” included elsewhere in this Offering Circular, each, a “**Receivable**” and collectively, the “**Receivables**”). From time to time, an Obligor may upload an Electronic Data File containing details of Receivables payable to a Supplier (as defined in Condition 1 (*Definitions and Principles of Construction*)) on to the SCF Platform (as defined below) (an “**Upload**”). The designation of such uploaded Receivables as “approved” by an Obligor (an “**Approved Platform Receivable**”) will initially give rise to an independent and primary obligation by VMIH to make payment or cause payment to be made to the Relevant Recipient on the Confirmed Payment Date (as defined below) in respect of such Approved Platform Receivable (a “**Parent Payment Obligation**”). As permitted in accordance with the terms pursuant to which the relevant assets were acquired and/or services supplied, the relevant Obligor will specify, in such Electronic Data File, the date on which such Parent Payment Obligation and the related Receivable will be paid (which date will be either the original invoice date or a date up to 360 days from the original invoice date, each, a “**Confirmed Payment Date**”).

As part of its participation in the SCF Platform, each Supplier has agreed that it will offer to sell Parent Payment Obligations and the related Receivables to the Platform Provider (as defined in Condition 1 (*Definitions and Principles of Construction*)). In such cases, the Platform Provider may purchase the relevant Parent Payment Obligation and such related Receivable from the Supplier at a price intended to be equal to the original face value of the invoice owed to the Supplier (as further described below under “*SCF Platform Documents—Discounted Payments Purchase Agreements*”).

Upon each sale and assignment of a Parent Payment Obligation and the related Receivable from the Supplier to the Platform Provider through the SCF Platform (each, an “**Initial Transfer**”), each Obligor will become jointly and severally liable with each other Obligor to make payment or cause payment to be made to the Relevant Recipient on the Confirmed Payment Date in respect of such Parent Payment Obligation (such Parent Payment Obligation, as enhanced by the joint and several payment undertaking of each Obligor, a “**Payment**”).

**Obligation**”). Pursuant to the Framework Assignment Agreement (as defined below), the Platform Provider may subsequently offer to sell and assign to the Issuer, on a non-recourse basis, eligible Payment Obligations and the related Receivables (solely to the extent that such Receivables have been acquired by the Platform Provider) (collectively and as further described and defined below, the **“VM Accounts Receivable”**).

On or about the Issue Date, the Issuer will use the proceeds from the offering of the Notes *minus* the Initial Interest Reserve Amount (as defined below) *plus* any upfront payment payable by VMIH under the New VM Facilities Agreement (as defined below) to finance the purchase of eligible VM Accounts Receivable pursuant to the terms and conditions of the Framework Assignment Agreement. To the extent that there are not sufficient VM Accounts Receivable available for purchase by the Issuer on the first Value Date (as defined below), the Issuer will advance any excess proceeds from the offering of the Notes to VMIH as a revolving loan under the New VM Facilities Agreement (an **“Excess Cash Loan”**, collectively with other loans advanced under the Excess Cash Facility (as defined below) from time to time, the **“Excess Cash Loans”**).

Following the Issue Date, as VM Accounts Receivable purchased by the Issuer (the **“Assigned Receivables”**) are settled at their respective maturities, the Platform Provider (acting as collection agent for the Issuer under the Framework Assignment Agreement) will receive an amount from the relevant Obligor (a **“Collected Amount”**) towards repayment of an amount equal to the Outstanding Amount (as defined below) relating to such Assigned Receivables. The Issuer will reutilize such Collected Amount, *less* the portion of such Collected Amount comprising Premium (as defined below) (each such difference, a **“Collected Principal Amount”**), to purchase (through the Platform Provider) new VM Accounts Receivable, to the extent available for purchase, or to advance such funds to VMIH as additional Excess Cash Loans. Excess Cash Loans will bear a rate of interest of \_\_\_\_%. The rate of interest on the Excess Cash Loans, together with the interest earned on the Issue Date Facility Loan (as defined below) under the Issue Date Facility (as defined below), is intended to provide the Issuer with the same rate of return in respect of the Committed Principal Proceeds (as defined below) not invested in VM Accounts Receivable (including any Retained Collected Amount (as defined below)) as Noteholders will receive in respect of the Notes. Interest on the Excess Cash Loans and the Issue Date Facility Loan will be computed on the basis of a 360-day year comprising twelve 30-day months. From time to time, as further VM Accounts Receivable become available for purchase through the SCF Platform, the Issuer will, directly or indirectly, fund such purchases with Collected Principal Amounts and any Purchase Price Return Amounts (as defined below) which are expected to be credited to the Issuer on the relevant Value Date (such amounts, collectively, **“Interim Platform Amounts”**), and to the extent such purchases cannot be fully funded by Interim Platform Amounts, by demanding, on a weekly basis, repayment of a principal amount of Excess Cash Loans then outstanding equal to such shortfall.

The primary sources of payment of interest on the Notes will be:

1. the premium earned by the Issuer on Assigned Receivables (the **“Premium”**), being an amount equal to the difference between (i) the Outstanding Amounts (as further defined and described below under *“Purchases and Collections of VM Accounts Receivable—The Framework Assignment Agreement”*) collected upon maturity thereof, *less* (ii) the Purchase Price Amounts (as further defined and described below under *“Purchases and Collections of VM Accounts Receivable—The Framework Assignment Agreement”*) at which such Assigned Receivables are initially purchased by the Issuer;
2. the interest earned by the Issuer on Excess Cash Loans and the Issue Date Facility Loan made to VMIH under the New VM Facilities Agreement (the **“VM Facilities Interest”**).

Additionally, the Issuer may, from time to time, receive interest paid by the Platform Provider on (i) Retained Collected Amounts (being Collected Amounts which have not been paid to the Issuer towards satisfaction of the relevant Outstanding Amount and not been used to purchase further VM Accounts Receivable) (such interest, the **“Retained Collected Amount Interest”**); (ii) Excess Requested Purchase Price Amounts (as defined below), being funds transferred to the Platform Provider which have not been applied towards the purchase of new VM Accounts Receivables on the relevant Value Date (such interest, the **“Excess Requested Purchase Price Interest”**); and (iii) funds exceeding the Requested Purchase Price Amount Aggregate Limit (as defined below) of £50.0 million (such excess, the **“Aggregate Amount Excess”**, collectively with the Excess Requested Purchase Price Amounts and Unutilised Collected Amounts (as defined below), the **“Purchase Price Return Amounts”**), and which have not been repaid to the Issuer in accordance with the timeframe set out in the Framework Assignment Agreement (such interest, as further defined and described below, the **“Delayed Aggregate Amount Interest”**, collectively with the Retained Collected Amount Interest and the Excess Requested Purchase Price Interest, the **“Retained Amount Interest”**). The Retained Amount Interest will be

calculated in accordance with the Framework Assignment Agreement (as described below) and the Agency and Account Bank Agreement (as described elsewhere in this Offering Circular), and will be deemed to accrue on the basis of a 360-day year comprised of twelve 30-day months.

The Premium, the VM Facilities Interest and the Retained Amount Interest are, collectively, the “**Interest Proceeds**”. To the extent the Interest Proceeds earned during an interest payment period are insufficient to fund scheduled payments of interest on the Notes, the deficiency will be made up by VMIH via a Shortfall Payment (as defined below) to be paid to the Issuer.

The primary sources of repayment of principal on the Notes, on the Maturity Date or at early redemption of the Notes in accordance with the Conditions, will be:

1. the Collected Principal Amounts repaid in respect of Assigned Receivables at their respective maturities; and
2. repayments of Excess Cash Loans and (with respect to repayment of principal on the Maturity Date of the Notes or at early redemption of the Notes in accordance with the Conditions) the Issue Date Facility Loan.

Additionally, the Issuer may, from time to time, receive repayments from the Platform Provider of Purchase Price Return Amounts (if any), which will be applied towards repayment of principal on the Notes on the Maturity Date or at early redemption of the Notes in accordance with the Conditions.

Whether in respect of settlement of Assigned Receivables, repayment of loans advanced under the New VM Facilities Agreement or funding of any Shortfall Payment, among other payment obligations, the Issuer will ultimately be reliant on funds from VMIH and certain of its subsidiaries to make payments due under the Notes.

In connection with the Transactions, the Issuer will enter into the following agreements, among others:

1. the Framework Assignment Agreement, pursuant to which the Issuer will periodically use any Excess Cash to purchase available VM Accounts Receivable. References to “**Excess Cash**” are to uninvested funds in an amount equal to (i) the Committed Principal Proceeds, *minus* (ii) the Requested Purchase Price Amounts paid by the Issuer (taking into account any Interim Platform Amount) for any Assigned Receivables outstanding as of the relevant determination date;
2. the New VM Facilities Agreement, pursuant to which the Issuer will (i) make loans (each, an “**Interest Facility Loan**” and collectively, the “**Interest Facility Loans**”) to VMIH under the Interest Facility (as defined below), (ii) to the extent that VM Accounts Receivable are not available for purchase through the SCF Platform, use Excess Cash to make Excess Cash Loans to VMIH under the Excess Cash Facility, (iii) make the Issue Date Facility Loan to VMIH under the Issue Date Facility, and (iv) make certain payments to VMIH (including any Excess Arrangement Payment (as defined below)), and pursuant to which VMIH will make certain payments to the Issuer (including any Shortfall Payment);
3. the Expenses Agreement, pursuant to which the Issuer will be entitled to (i) receive reimbursement from VMIH in respect of certain fees and expenses of the Issuer, including certain fees and expenses in relation to the issuance of the Notes, and (ii) receive certain payments from VMIH in respect of amounts that may become due and payable in respect of the Notes, including certain fees and expenses in relation to the issuance of the Notes, certain tax liabilities of the Issuer, any Additional Amounts (as defined in this section titled “*Terms and Conditions of the Notes*”), any premiums on redemption of the Notes, and any interest on overdue amounts under the Notes; and
4. the Agency and Account Bank Agreement, pursuant to which The Bank of New York Mellon, London Branch as administrator will agree, among other things, to provide certain portfolio administration and calculation services to and/or on behalf of the Issuer.

The terms of the Expenses Agreement, the New VM Facilities Agreement (including the Interest Facility, the Excess Cash Facility and the Issue Date Facility thereunder), the Agency and Account Bank Agreement, the Framework Assignment Agreement and the related SCF Platform Documents are more fully described below under “*New VM Facilities*”, “*Purchases and Collections of VM Accounts Receivable—The Framework Assignment Agreement*”, “*SCF Platform Documents*”, and “*Summary of Principal Documents*” found elsewhere in this Offering Circular.

### ***Issuer Transaction Accounts***

As part of the Transactions, the Issuer will establish and maintain three dedicated transaction accounts:

1. an “**Issuer Collection Account**”, through which the Issuer will, among other things, receive payments of Collected Amounts on Assigned Receivables, other payments (if any) from the Platform Provider pursuant to the Framework Assignment Agreement, and payments of amounts under the New VM Facilities Agreement (with any such payments and amounts so received being immediately credited to the Interest Proceeds Account or the Principal Proceeds Account, as applicable);
2. an “**Interest Proceeds Account**”, through which the Issuer will, among other things, finance the payment of interest on the Notes; and
3. a “**Principal Proceeds Account**” (together with the Issuer Collection Account and the Interest Proceeds Account, the “**Issuer Transaction Accounts**”), through which the Issuer will, among other things, finance its periodic purchases of VM Accounts Receivable available through the SCF Platform and the ultimate repayment of principal on the Notes.

### ***The Interest Proceeds Account***

On the Issue Date, the Issuer will make an initial Interest Facility Loan to VMIH in a principal amount equal to the aggregate amount which will be due and payable on the Notes as interest on the first two Interest Payment Dates (the “**Initial Interest Reserve Amount**”) under the Interest Facility. Subsequent to the Issue Date, and from time to time, the Issuer will deposit into the Interest Proceeds Account:

1. upon maturity and repayment of each Assigned Receivable, an amount equal to the Premium earned by the Issuer upon collection (collectively, the “**Collected Premium Amounts**”);
2. any Retained Amount Interest paid by the Platform Provider;
3. any VM Facilities Interest;
4. the proceeds from the repayment of any Interest Facility Loan; and
5. any Shortfall Payment paid by VMIH pursuant to the New VM Facilities Agreement.

Subsequent to the Issue Date and from time to time, the Issuer will use the funds available in the Interest Proceeds Account:

1. to fund the payment of interest on the Notes on each scheduled Interest Payment Date;
2. to make Interest Facility Loans to VMIH on a daily basis;
3. to fund payment of any Excess Arrangement Payment (as defined below), when due and payable, to VMIH pursuant to the New VM Facilities Agreement.

### ***The Principal Proceeds Account***

On the Issue Date, the Issuer will have an amount available for the purchase of VM Accounts Receivable equal to £334.3 million (the “**Committed Principal Proceeds**”), representing the net proceeds of the Notes *minus* the Initial Interest Reserve Amount *plus* any upfront payments payable by VMIH pursuant to the New VM Facilities Agreement. On or about the Issue Date, the Issuer will (i) firstly, deposit into the Principal Proceeds Account an amount of the Committed Principal Proceeds equal to the amount required for the purchase of VM Accounts Receivable by the Issuer on the first Value Date (a “**Requested Purchase Price Amount**”) (or will direct that payment be made directly for such purchase for its account by the Common Depositary), and (ii) secondly, use any remaining Committed Principal Proceeds to fund an initial Excess Cash Loan to VMIH under the Excess Cash Facility pursuant to the New VM Facilities Agreement. Subsequent to the Issue Date, and from time to time, the Issuer will deposit into the Principal Proceeds Account:

1. upon the maturity and repayment of each Assigned Receivable, an amount equal to the Collected Principal Amount on such Assigned Receivable which has been returned to the Issuer upon the ultimate collection of such Assigned Receivable pursuant to the terms of the Framework Assignment Agreement;
2. any Purchase Price Return Amount paid by the Platform Provider to the Issuer pursuant to the terms of the Framework Assignment Agreement; and
3. the principal amount of any Excess Cash Loans or (with respect to the final repayment date) the Issue Date Facility Loan repaid by VMIH.



Subsequent to the Issue Date and from time to time, the Issuer will use the funds available in the Principal Proceeds Account:

1. to purchase available VM Accounts Receivable through the SCF Platform;
2. to make Excess Cash Loans to VMIH on a daily basis, and
3. upon the maturity of the Notes, to repay amounts outstanding under the Notes.

#### ***Purchases and Collections of VM Accounts Receivable—The Framework Assignment Agreement***

On or about the Issue Date, the Issuer, as purchaser, will enter into the Framework Assignment Agreement (as defined in Condition 1 (*Definitions and Principles of Construction*)) with, among others, the Platform Provider, VMIH as the parent (the “**Obligors’ Parent**”) and The Bank of New York Mellon, London Branch as administrator. Under the Framework Assignment Agreement, from time to time commencing on the Issue Date, the Issuer may purchase and have assigned to it on a non-recourse basis, up to the total amount of Committed Principal Proceeds, and the Platform Provider may sell and assign on a non-recourse basis, eligible VM Accounts Receivable that are made available by Suppliers and uploaded by the Obligors to the SCF Platform. For purposes of this overview, “**VM Account Receivable**” means a Payment Obligation and the Receivable in respect of which such Payment Obligation has arisen, solely to the extent that such Receivable has been acquired by the Platform Provider.

Each VM Account Receivable to be purchased by the Issuer must meet, and the Obligors’ Parent will represent and warrant (on behalf of itself and as agent for the Obligors) on the date of each sale and assignment of any VM Account Receivable from the Platform Provider to the Issuer (each such date, an “**Assignment Date**”) in accordance with the Framework Assignment Agreement, that such VM Account Receivable meets, the following eligibility criteria: that such VM Account Receivable (i) (with respect to the Payment Obligation component of such VM Account Receivable only) is owed by the Obligors on a joint and several basis; (ii) (with respect to the Payment Obligation component of such VM Account Receivable only) is governed by English law; (iii) is denominated in pounds sterling; (iv) is the legal, valid and binding obligation of the Obligors party thereto; (v) is capable of being freely and validly transferred in the manner provided by the Framework Assignment Agreement, so that on purchase the Issuer will receive good title; (vi) is due and payable in full without any right of set-off, counterclaim or deduction in favour of the Obligors; and (vii) has a maturity date that is no later than two Business Days prior to the Maturity Date of the Notes. For a further description of the VM Accounts Receivable, see “*Description of the Receivables*” included elsewhere in this Offering Circular. Additionally, immediately prior to each Assignment Date, the Platform Provider will represent and warrant that it is entitled to assign the relevant Payment Obligation pursuant to the terms of the Framework Assignment Agreement, and that it has not assigned, transferred or otherwise disposed of, or created any encumbrance or security interest over, such Payment Obligation. Furthermore, the Platform Provider will undertake that it will not, without the consent of the Issuer, take any action that would adversely affect a Payment Obligation or the Issuer’s interest(s) therein (as further described in “*Summary of Principal Documents—Framework Assignment Agreement*” included elsewhere in this Offering Circular).

Each Payment Obligation will be the joint and several obligation of VMIH and each of the Subsidiary Obligors. On the Issue Date, the eligible Subsidiary Obligors will be Virgin Media Limited, Virgin Mobile Telecoms Limited and Virgin Media Senior Investments Limited (each, a “**Subsidiary Obligor**” and collectively, the “**Subsidiary Obligors**”; together with the Obligors’ Parent, the “**Obligors**”). For the avoidance of doubt, although Virgin Media Ireland Ltd. is historically a “Buyer Entity” under the APMSA (as further described below), it will not be an eligible Subsidiary Obligor under the Framework Assignment Agreement on and following the Issue Date, and therefore, none of the Assigned Receivables will be owed by it.

#### ***Purchases of VM Accounts Receivable with Requested Purchase Price Amounts***

On or shortly following the Issue Date (as further described in “*Description of Virgin Media—Capitalization of Virgin Media*” included elsewhere in this Offering Circular), the Platform Provider is expected to sell and assign to the Issuer VM Accounts Receivable for a Requested Purchase Price Amount of £334.3 million, which the Issuer will fund with all or a portion of the Committed Principal Proceeds. See the section entitled “*Use of Proceeds*” included elsewhere in this Offering Circular. In connection with such sale and assignment, the Platform Provider will deliver to the Issuer:

1. an assignment framework note (substantially in the form attached to the Framework Assignment Agreement, an “**Assignment Framework Note**”) to be accepted and agreed to by the Issuer, pursuant to which the Issuer will agree, among other things, to purchase Payment Obligations (and the



Receivables related thereto, solely to the extent that such Receivables have been acquired by the Platform Provider), in whole but not in part, issued by the Obligors at the relevant Purchase Price Amounts in an aggregate amount equal to a limit (in respect of purchased Payment Obligations which have not been settled) specified therein (the “**Purchase Limit**”); and

2. one or more notices related to such Assignment Framework Note (substantially in the form attached to the Framework Assignment Agreement, each, an “**Assignment Notice**”) instructing the Issuer to pay to the Platform Provider, as consideration for the sale and assignment of the relevant VM Accounts Receivable, a requested amount (a “**Requested Purchase Price Amount**”) on the date falling five Business Days following receipt by the Issuer of such Assignment Notice (a “**Value Date**”).

As used herein, a “**Purchase Price Amount**” means, in relation to any VM Account Receivable, an amount equal to the Outstanding Amount (as defined below) of such VM Account Receivable *less* the Applied Discount (as defined in the context of the Framework Assignment Agreement) (as defined below) calculated as at the relevant Assignment Date. “**Outstanding Amount**” means, with respect to a Payment Obligation, an amount equal to (i) the gross amount of the Approved Platform Receivable in respect of which the Payment Obligation arose, *less* (ii) the sum of all Credit Notes (as defined below under “*SCF Platform Documents—Accounts Payable Management Services Agreement*”) allocated to that Payment Obligation pursuant to the terms of the APMSA. “**Applied Discount**” refers (i) in the context of the APMSA, to the discount amount that the Platform Provider will deduct from the Certified Amount (as defined below under “*SCF Platform Documents—Accounts Payable Management Services Agreement*”) in case of a transfer of the Payment Obligation prior to the Confirmed Payment Date pursuant to the terms of the APMSA and each relevant Discounted Payments Purchase Agreement and (ii) in the context of the Framework Assignment Agreement, to the discount amount that the Platform Provider will deduct from the Certified Amount in the case of a transfer of the Payment Obligation prior to the Confirmed Payment Date pursuant to the terms of the APMSA and each relevant Discounted Payments Purchase Agreement, *less* the processing fee due to the Platform Provider specified in the APMSA (which will initially be 0.25%) (the “**Platform Provider Processing Fee**”).

From time to time following the Issue Date, the Platform Provider may, at its discretion (but not more than once per week prior to the service of a notice of termination (as further described below)) and to the extent that the Requested Purchase Price Amount specified in such Assignment Notice together with all other outstanding Requested Purchase Price Amounts which have not been applied towards the purchase of VM Accounts Receivable would not exceed £50.0 million at such time (the “**Requested Purchase Price Amount Aggregate Limit**”), serve further Assignment Notices (which may also be Primary Assignment Notices (as defined and further described below under “*Collections on Assigned Receivables and Further Purchases of VM Accounts Receivable with Collected Principal Amounts*”)) to the Issuer pursuant to the relevant Assignment Framework Note.

Following the receipt of an Assignment Notice, so long as no Non-Compliance Event (as defined below) has occurred and is continuing, the Issuer will pay, on the relevant Value Date, the relevant Requested Purchase Price Amount (which may be adjusted as further described below) to the Platform Provider, which shall have the effect of the Platform Provider immediately selling and assigning, without further action on the part of any person or entity, all of its rights, title and interest in and to the relevant Payment Obligations (and the Receivables related thereto, solely to the extent that such Receivables have been acquired by the Platform Provider) at the relevant Purchase Price Amounts to the Issuer pursuant to the relevant Assignment Framework Note (an “**Assignment**”). The Requested Purchase Price Amount (and the corresponding VM Accounts Receivable) will be adjusted if the aggregate of all Requested Purchase Price Amounts, together with (without double counting) the aggregate of all Purchase Price Amounts in respect of outstanding Assigned Receivables would be higher than the relevant Purchase Limit specified in that Assignment Framework Note. In such event, the Issuer must notify the Platform Provider within two Business Days of receipt of the relevant Assignment Notice (i) of such circumstance and (ii) that the Requested Purchase Price Amount will (A) be reduced to equal the amount which would cause the aggregate Requested Purchase Price Amount, together with (without double counting) the aggregate of all Purchase Price Amounts in respect of outstanding Assigned Receivables to equal such Purchase Limit and/or (B) cancelled to the extent necessary such that the relevant assignment is for the whole, and not part, of the VM Accounts Receivable.

The Issuer will not be obliged to pay a Requested Purchase Price Amount specified in an Assignment Notice if any of the following events (each, a “**Non-Compliance Event**”) have occurred and is continuing (provided that the Issuer notifies the Platform Provider, within two Business Days of the receipt of such Assignment Notice, that one or more Non-Compliance Events have occurred and of the Issuer’s intention not to comply with such Assignment Notice): (i) if the Framework Assignment Agreement or relevant Assignment Framework Note has

been terminated prior to the date of such Assignment Notice; (ii) if the terms and conditions of such Assignment Notice materially deviate from the terms and conditions of the Framework Assignment Agreement or the relevant Assignment Framework Note; (iii) if a Buyer Event of Default (as defined below) is continuing in respect of any Obligor; and/or (iv) if a specified insolvency event occurs in respect of the Platform Provider which directly results in the Platform Provider not continuing its business as contemplated under the Framework Assignment Agreement. If, following the receipt of a Requested Purchase Price Amount on a Value Date, the Platform Provider has acquired (or determines that it will on such Value Date acquire) insufficient VM Accounts Receivable to apply the whole of the Requested Purchase Price Amount received on such Value Date, the Platform Provider will either (i) serve, on such Value Date, one or more notices (substantially in the form set out in the Framework Assignment Agreement, each, a **“Purchase Price Return Notice”**) to the Issuer and, on the Business Day following the date of such Purchase Price Return Notice (a **“Settlement Date”**), pay to the Issuer Collection Account, the excess Requested Purchase Price Amount not applied towards the purchase of VM Accounts Receivable (such excess, the **“Excess Requested Purchase Price Amount”**); or (ii) retain such Excess Requested Purchase Price Amount for a period of up to four Business Days following such Value Date (an **“Excess Retention Period”**, and the final day thereof (which, at the Platform Provider’s discretion, may occur prior to the fourth Business Day following such Value Date), the **“Excess Retention Period End Date”**) to be applied towards the purchase of any VM Accounts Receivable arising during such Excess Retention Period. If the Platform Provider chooses to retain such Excess Requested Purchase Price Amount, it further agrees that (i) if the Platform Provider acquires any VM Accounts Receivable during such Excess Retention Period, it will sell and assign such VM Accounts Receivables to the Issuer (and the Platform Provider will be deemed to have served an Assignment Notice in respect of such Assigned Receivables); and (ii) on the Business Day prior to the Excess Retention Period End Date, the Platform Provider will serve a Purchase Price Return Notice in respect of any remaining Excess Requested Purchase Price Amount to the Issuer, and subsequently pay such remaining Excess Requested Purchase Price Amount to the Issuer Collection Account on such Excess Retention Period End Date, together with all Excess Requested Purchase Price Interest (as defined below) due in respect thereof. **“Excess Requested Purchase Price Interest”** shall accrue daily at the Funding Rate, calculated on any Excess Requested Purchase Price Amount retained by the Platform Provider (and not applied towards the purchase of VM Accounts Receivable), from (and including) the first day of the relevant Excess Retention Period to (and including) the relevant Excess Retention Period End Date, or such later date on which the Issuer receives such Excess Requested Purchase Price Amount together with all interest due in respect thereof. As used herein, **“Funding Rate”** means a rate equal to the per annum margin specified in Clause 13.1 of the APMSA (less the Platform Provider Processing Fee) over 1-month GBP Libor; *provided that* if 1-month GBP Libor is less than zero, 1-month GBP Libor shall be deemed to be zero.

Additionally, if on any Business Day the aggregate Requested Purchase Price Amounts held by the Platform Provider (and not applied towards the purchase of VM Accounts Receivable) exceeds the Requested Purchase Price Amount Aggregate Limit (such excess, an **“Aggregate Amount Excess”**), the Platform Provider will immediately serve a Purchase Price Return Notice in respect of such Aggregate Amount Excess, and pay such Aggregate Amount Excess to the Issuer Collection Account on the relevant Settlement Date. Any Aggregate Amount Excess not returned to the Issuer by the relevant Settlement Date (such amount, a **“Delayed Aggregate Amount”**) shall accrue interest daily at the Funding Rate, calculated from (and including) such Settlement Date to (and including) such later date on which the Issuer receives the Delayed Aggregate Amount, together with all interest due in respect thereof (the **“Delayed Aggregate Amount Interest”**).

#### *Collections on Assigned Receivables and Further Purchases of VM Accounts Receivable with Collected Principal Amounts*

Prior to the service of an Obligor Enforcement Notification (as defined and further described below), the Platform Provider will act as collection agent for the Issuer in respect of any Collected Amounts received or recovered relating to Assigned Receivables, in accordance with the SCF Platform Documents. Except in circumstances where certain Collected Principal Amounts are applied towards the purchase of new VM Accounts Receivable (as further described below), the Platform Provider will apply any Collected Amount, within one Business Day of receipt or recovery thereof (such scheduled date of application, a **“Collected Amount Forwarding Date”**), in or towards the repayment to the Issuer of an amount equal to the Outstanding Amount of the relevant Assigned Receivables (to the extent that such Assigned Receivables remain outstanding and has not been settled or otherwise paid to the Issuer).

From time to time, the Platform Provider may serve an Assignment Notice (a **“Primary Assignment Notice”**) which states that any Collected Principal Amounts in respect of Assigned Receivables relating to such Primary Assignment Notice are to be treated as further payments of Requested Purchase Price Amounts. So long

as (i) no Non-Compliance Event has occurred and is continuing (and in respect of which the Issuer has notified the Platform Provider that the purchase mechanics described in this paragraph will not apply), (ii) the Requested Purchase Price Amount Aggregate Limit will not be exceeded upon the deemed payment of the Requested Purchase Price Amount in the New Assignment Notice (as defined below), upon receipt by the Platform Provider of any Collected Amount on an Assigned Receivable relating to such Primary Assignment Notice, or (iii) no notice of termination has been served (as further described below), then (i) the Platform Provider will be deemed to have served an Assignment Notice on exactly the same terms as the Primary Assignment Notice, except for the Requested Purchase Price Amount (which will be equal to the Collected Principal Amount that would otherwise be due and payable to the Issuer) (such notice, the “**New Assignment Notice**”); and (ii) the Platform Provider’s obligation to pay such Collected Principal Amount to the Issuer will be set off against the Issuer’s obligation to pay the Requested Purchase Price Amount under the New Assignment Notice. For the avoidance of doubt, the purchase mechanics described in this paragraph will not affect the Platform Provider’s obligation to pay to the Issuer any Premium on the relevant Collected Amount Forwarding Date. If, three Business Days following the service of a New Assignment Notice, the Platform Provider still holds any Collected Amounts which have not been utilised for the purchase of new VM Accounts Receivable (such amounts, “**Unutilised Collected Amounts**”), the Platform Provider will immediately serve a Purchase Price Return Notice to the Issuer in respect of such Unutilised Collected Amounts, and will pay such Unutilised Collected Amounts to the Issuer Collection Account on the relevant Settlement Date. The Platform Provider will pay the Issuer interest on any “**Retained Collected Amounts**” (being any Collected Amount which has not been paid to the Issuer towards satisfaction of the relevant Outstanding Amount and not been used to purchase further VM Accounts Receivable as described above). Interest on Retained Collected Amounts shall accrue daily at the Funding Rate, calculated from (and including) the relevant scheduled Collected Amount Forwarding Date to (and including) the relevant Settlement Date or such later date on which the Issuer receives the Retained Collected Amount, together with all interest due in respect thereof, as the case may be (the “**Retained Collected Amount Interest**”), and will be paid to the Issuer Collection Account on the relevant Settlement Date or such later date, as applicable.

#### *Buyer Events of Default and Obligor Enforcement Notification*

The Issuer may not serve (or cause or permit to be served) a notice to the Obligors informing them of an Assignment (an “**Obligor Enforcement Notification**”) prior to the occurrence of (i) a failure by any Obligor to pay any Payment Obligation in full to the Platform Provider on the date such payment was due (taking into account any applicable grace period under the APMSA), (ii) a specified insolvency event in respect of any Obligor, (iii) a breach of the representations and warranties of the Obligors’ Parent with respect to the eligibility of the VM Accounts Receivable, which is not capable of remedy (or if such breach is capable of remedy, is not remedied within five Business Days of notice) (each such event in (i) to (iii), a “**Buyer Event of Default**”), or (iv) a specified insolvency event in respect of the Platform Provider. See “*Risk Factors—Risks relating to the Receivables and the SCF Platform—The transfer of VM Accounts Receivable under the Framework Assignment Agreement takes place only under equity until notice of assignment is given to the Obligors*”. Following the occurrence of any of the foregoing events, the Issuer may serve or direct the Platform Provider to serve an Obligor Enforcement Notification (provided that the Platform Provider may, but is not obliged to, serve an Obligor Enforcement Notification at any time as it sees fit and pursuant to the circumstances described in the paragraph below).

As soon as reasonably practicable after the occurrence of a Buyer Event of Default, the Platform Provider will, among other things, (i) provide the Issuer with notice of such Buyer Event of Default and the details thereof, as well as regular status updates with respect to the affected Assigned Receivables; (ii) turn over to the Issuer any Purchase Price Return Amount in accordance with the terms of the Framework Assignment Agreement; and (iii) in consultation with the Issuer and the Obligors’ Parent (provided such consultation is permitted by the terms of the Framework Assignment Agreement), take (or refrain from taking) any steps that the Platform Provider sees fit to recover all amounts payable, as well as default interest and other costs and expenses, each as permitted under the APMSA and the relevant Discounted Payments Purchase Agreement(s).

Following service of an Obligor Enforcement Notification, the Platform Provider will cease to act as the Issuer’s collection agent in respect of the relevant Assigned Receivables. For a further description of the provisions relating to Buyer Events of Default and Obligor Enforcement Notification, see “*Summary of Principal Documents—Framework Assignment Agreement*” included elsewhere in this Offering Circular.

#### *Assignment and Termination*

The Issuer may assign or transfer its rights under the Framework Assignment Agreement and the Assignment Framework Notes (including its rights to Assigned Receivables), without the consent of the other

parties only in certain specified circumstances and in accordance with the procedures set forth in the Framework Assignment Agreement, as further described under “*Summary of Principal Documents—Framework Assignment Agreement*” included elsewhere in this Offering Circular. Similarly, the Platform Provider may assign or transfer its rights under the Framework Assignment Agreement only with the prior written consent of the other parties and in such specified circumstances; *provided, however*, that the Platform Provider may assign or transfer any of its rights in Assigned Receivables to an affiliate without the consent of any other party, and may also assign or transfer any of its rights or obligations under the Framework Assignment Agreement, as the provider and administrator of the SCF Platform, to an affiliate with the prior written consent of the Issuer (which shall not be unreasonably withheld or delayed).

The Framework Assignment Agreement and/or any Assignment Framework Note issued thereunder may be terminated by the Issuer or the Platform Provider upon 10 Business Days’ prior notice to the other parties thereto; *provided that* with respect to a termination by the Platform Provider, the effective date of the termination shall not be earlier than the effective date of termination of the APMSA (as further described below). Additionally, the Platform Provider and/or the Issuer may terminate the Framework Assignment Agreement and/or any Assignment Framework Note with immediate effect upon the occurrence of certain events, including a breach of material obligations of the Obligor’s Parent (subject to a 30 days grace period), a material breach of the representation and warranties of the Obligor’s Parent (subject to a 30 days grace period), or if a specified insolvency event has occurred in respect of the Obligor’s Parent. For a further description of termination events, see “*Summary of Principal Documents—Framework Assignment Agreement*” included elsewhere in this Offering Circular.

The terms of the related SCF Platform documents are more fully described below under “*SCF Platform Documents*”.

#### ***New VM Facilities***

On any Business Day which is not a Value Date, and on any Value Date (in this case, to the extent that there are any Committed Principal Proceeds that cannot be invested in VM Accounts Receivable due to a shortage of VM Accounts Receivable available for purchase through the SCF Platform), the Issuer will utilize any Excess Cash to make interest-bearing Excess Cash Loans to VMIH under the New VM Facilities Agreement, as further described below. This use of Excess Cash, together with the interest earned on the Issue Date Facility Loan, will provide the Issuer with the same rate of return in respect of the Committed Principal Proceeds not invested in VM Accounts Receivable (including any Retained Collected Amounts) as Noteholders will receive in respect of the Notes, instead of leaving the same funds (represented by the Excess Cash) uninvested in the Principal Proceeds Account pending their application for the purchase of new VM Accounts Receivable. In addition, since the Issuer was formed solely for the purpose of facilitating the Transactions and issuing the Notes, and is not expected to engage in any business activities other than those related to its formation and the Transactions (including the offering of the Notes and the funding of loans under the New VM Facilities Agreement), the Issuer intends to lend any Interest Proceeds that it collects from time to time to VMIH, in the form of non-interest bearing Interest Facility Loans under the New VM Facilities Agreement, as further described below. The Issuer will also fund the interest-bearing Issue Date Facility Loan under the Issue Date Facility, as further described below. Proceeds of any loans made by the Issuer to VMIH under the New VM Facilities Agreement may be used by VMIH for general corporate purposes.

On the Issue Date, the Issuer, as lender, will enter into a senior unsecured facilities agreement (the “**New VM Facilities Agreement**”) with VMIH as borrower, and The Bank of New York Mellon, London Branch as administrator for the Issuer (together with any successor thereto approved or appointed by the Issuer, the “**Administrator**”), pursuant to which the Issuer will make available to VMIH revolving and term credit facilities, consisting of the Interest Facility, the Excess Cash Facility and the Issue Date Facility, as described below.

#### ***Interest Facility***

The New VM Facilities Agreement will provide for a revolving credit facility (the “**Interest Facility**”) under which the Issuer will from time to time fund non-interest-bearing Interest Facility Loans to VMIH.

On or shortly following the Issue Date, as applicable, the Issuer will make an initial Interest Facility Loan to VMIH in a principal amount equal to the Initial Interest Reserve Amount.

Following the Issue Date, on any Business Day other than an Interest Payment Date, the Interest Proceeds deposited in the Interest Proceeds Account are greater than zero, the Issuer will apply such Interest Proceeds to fund a new Interest Facility Loan to VMIH.



### *Excess Cash Facility*

The New VM Facilities Agreement will also provide for a revolving credit facility (the “**Excess Cash Facility**”), in an aggregate principal amount up to the Committed Principal Proceeds, under which the Issuer will from time to time fund Excess Cash Loans to VMIH. Interest on Excess Cash Loans will be payable semi-annually in arrear on the earlier of (i) each March 15 and September 15, commencing March 15, 2017 (each, an “**Excess Cash Interest Period Date**”) and (ii) upon repayment of a Weekly Excess Cash Repayment Amount (as defined below). Interest will accrue from the funding date of any Excess Cash Loan at a rate of % per annum, and will be computed on the basis of a 360-day year comprised of twelve 30- day months. Payment of interest in respect of any interest period ending on any Excess Cash Interest Period Date will occur no less than one Business Day prior to such Excess Cash Interest Period Date.

On or shortly following the Issue Date, the Issuer will use Committed Principal Proceeds, firstly, to purchase available VM Accounts Receivable pursuant to the Framework Assignment Agreement and, secondly, to fund an initial Excess Cash Loan.

Following the Issue Date, as the Platform Provider (on a weekly basis) serves or is deemed to serve an Assignment Notice to the Issuer instructing the Issuer to pay a Requested Purchase Price Amount (as may be adjusted or off set pursuant to the terms of the Framework Assignment Agreement) as consideration for the sale and assignment of the relevant VM Accounts Receivable on the relevant Value Date, the Issuer will, upon not less than five Business Days’ prior notice, demand repayment by VMIH of such portion of principal of any outstanding Excess Cash Loans as is equal to (i) such Requested Purchase Price Amount to be paid for VM Accounts Receivable that the Issuer expects to purchase on such Value Date, *less* (ii) any Interim Platform Amounts credited on such Value Date (such amount demanded, a “**Weekly Excess Cash Repayment Amount**”). VMIH will be obligated to pay into the Issuer Collection Account (for immediate onwards crediting to the Principal Proceeds Account) the Weekly Excess Cash Repayment Amount on the fifth Business Day following receipt of such notice. The interest accrued on such Weekly Excess Cash Repayment Amount will not be repaid but will, on that date, be deemed loaned to VMIH under a new Interest Facility Loan. On the relevant Value Date, the Issuer will apply the Weekly Excess Cash Repayment Amount so received, together with any Interim Platform Amounts credited on the same day, towards its purchase of VM Accounts Receivable.

On any Business Day (other than the date on which the Notes are redeemed or repaid, in whole or in part (or on which corresponding payment by VMIH is required to be made to the Issuer in relation to any such redemption or repayment)), if the balance of funds deposited into the Principal Proceeds Account is greater than zero, the Issuer will apply such funds, firstly, towards the purchase of available VM Accounts Receivable in accordance with the Framework Assignment Agreement (if such Business Day is also a Value Date) and, secondly, to fund an Excess Cash Loan to VMIH.

### *Issue Date Facility*

The New VM Facilities Agreement will further provide for a term loan facility (the “**Issue Date Facility**” and, together with the Interest Facility and the Excess Cash Facility, the “**New VM Facilities**”), under which the Issuer will fund an interest-bearing loan to VMIH in an aggregate principal amount equal to £2.0 million (the “**Issue Date Facility Loan**”) on the Issue Date. Interest on the Issue Date Facility Loan will be payable semi-annually in arrear on each March 15 and September 15 (each, an “**Issue Date Facility Interest Period Date**”), commencing March 15, 2017. Interest will accrue from the Issue Date at a rate of % per annum, and will be computed on the basis of a 360-day year comprising twelve 30-day months. Payment of interest in respect of any interest period ending on any Issue Date Facility Interest Period Date will occur no less than one Business Day prior to such Issue Date Facility Interest Period Date.

On or prior to the Issue Date, VMIH, the Issuer and TMF Management (Ireland) Limited (in its capacity as the sole shareholder of the Issuer, the “**Share Trustee**”) will enter into an agreement pursuant to which VMIH will agree to pay the Share Trustee £2,000,100 in return for the Share Trustee procuring that the Issuer enters into the New VM Facilities Agreement and the Shortfall Payment and Excess Arrangement Payment arrangements in connection therewith. Such payment will be conditional on the Share Trustee subscribing £2.0 million for two million of the Issuer’s Class B, non-voting and non-dividend bearing shares (the “**Issue Date Shares**”), which the Issuer will allot and issue to the Share Trustee. The Issuer will lend £2.0 million of the subscription proceeds from the Issue Date Shares to VMIH as the Issue Date Facility Loan under the Issue Date Facility. In practice, the process will be almost cashless, as nearly all of the payment by VMIH to the Share Trustee will ultimately be lent back to VMIH as the Issue Date Facility Loan.



Principal and accrued interest (if applicable) on the New VM Facilities will become due and payable in full on the earlier of (i) the Maturity Date of the Notes or (ii) the date of early redemption of the Notes in accordance with the Conditions.

The New VM Facilities Agreement will also provide for certain payments to the Issuer by VMIH and certain payments to VMIH by the Issuer. On the Issue Date, pursuant to the New VM Facilities Agreement, VMIH will pay to the Issuer an upfront payment in an amount equal to any underwriting fees, commissions and/or certain expenses incurred or paid by the Issuer in relation to the issuance of the Notes (if any). In addition, the New VM Facilities Agreement will provide for the periodic payment of Shortfall Payments or Excess Arrangement Payments, as described below under “*Payment of Interest on the Notes.*”

### ***Payment of Interest on the Notes***

Interest on the Notes will be payable semi-annually in arrear on each March 15 and September 15 (each, an “**Interest Payment Date**”), commencing March 15, 2017. Interest will accrue from the Issue Date at a rate of % per annum, and will be computed on the basis of a 360-day year comprising of twelve 30-day months. Pursuant to the terms of the New VM Facilities Agreement and the Expenses Agreement, and in consideration of the Issuer providing the New VM Facilities to VMIH, VMIH will make certain payments to the Issuer to the extent necessary to enable the Issuer to make interest payments when due under the Notes. The Issuer will fund the payment of scheduled interest on the Notes on each Interest Payment Date from the Interest Proceeds Account as follows:

1. firstly, to the extent that any Collected Premium Amounts and/or any Retained Amount Interest are deposited into the Interest Proceeds Account on such date, the Issuer will utilize such Collected Premium Amounts and/or Retained Amount Interest, as applicable, towards the payment of scheduled interest on the Notes;
2. secondly, the Issuer will demand, upon no less than five Business Days’ prior notice, that VMIH prepay Interest Facility Loans under the Interest Facility (and VMIH will repay such Interest Facility Loans on or prior to the fifth Business Day following receipt of such demand), in a principal amount equal to the interest due and payable on the Notes on such Interest Payment Date *less* the sum of:
  - a. the amount of any Collected Premium Amounts and any Retained Amount Interest in the Interest Proceeds Account referred to in paragraph (1) above; and
  - b. any Term Shortfall Payment (as defined below) due in respect of such Interest Payment Date.

The Issuer will deposit the proceeds of any Interest Facility Loans so prepaid into the Interest Proceeds Account;

3. thirdly, on or prior to the Business Day immediately preceding each Interest Payment Date (other than the Maturity Date of the Notes or at early redemption of the Notes in accordance with the Conditions), VMIH will make a payment to the Issuer (each, as calculated in accordance with the Agency and Account Bank Agreement, a “**Term Shortfall Payment**”) in an amount equal to the positive difference, if any, between (i) the amount of interest due on the Notes on such Interest Payment Date, *less* the sum of (ii) the amount of any VM Facilities Interest accrued pursuant to Excess Cash Loans and the Issue Date Facility Loan, the Premium accrued in respect of Assigned Receivables, and the Retained Amount Interest accrued and due to be paid in respect of any “**Retained Amounts**” (being, collectively, Retained Collected Amounts, Delayed Aggregate Amounts and/or Excess Requested Purchase Price Amounts) (as determined in accordance with the Agency and Account Bank Agreement described elsewhere in this Offering Circular), during the interest period relating to such Interest Payment Date. We expect that a Term Shortfall Payment will be due, from time to time, if the Premium actually accrued on Assigned Receivables, together with the Retained Amount Interest actually accrued on Retained Amounts, as applicable, during the relevant interest payment period is lower than the premium or interest that would have accrued on such Assigned Receivables and/or Retained Amounts, as applicable, had they collectively borne the same aggregate rate of interest as the Excess Cash Loans under the Excess Cash Facility and the Issue Date Facility Loan under the Issue Date Facility.
4. By contrast to the Term Shortfall Payment, to the extent that any calculation in paragraph (3) above results in a negative value, the Issuer will make a payment to VMIH (each, as calculated in accordance with the Agency and Account Bank Agreement, a “**Term Excess Arrangement Payment**”) in an amount which would return such negative value to zero. Any Term Excess Arrangement Payment will be paid as a rebate of previously paid interest (on a cashless basis, by offsetting such Term Excess

Arrangement Payment against the amounts due by VMIH under the Interest Facility Loans); *provided, however*, that any Term Excess Arrangement Payment will be capped at an amount such that the aggregate principal amount outstanding under the Interest Facility Loans, when taken together with (i) the remaining Premium due to be paid on existing Assigned Receivables in the period commencing on the day after the then-current Interest Payment Date to the subsequent Interest Payment Date, *plus* (ii) the remaining Retained Amount Interest due to be paid on any outstanding Retained Amounts (if any, and as determined in accordance with the Agency and Account Bank Agreement described elsewhere in this Offering Circular), would (in no circumstance) be less than the interest due and payable on the Notes on such subsequent Interest Payment Date. In the event that the calculation of the Term Excess Arrangement Payment on an Interest Payment Date results in an amount (as calculated in accordance with the Agency and Account Bank Agreement, a “**Deferred Excess Amount**”) greater than such a cap, such Deferred Excess Amount will be deferred and either added to (or included as) the Term Excess Arrangement Payment, or offset against the Term Shortfall Payment, due on the subsequent Interest Payment Date, as applicable, in any case subject to the proviso above;

5. fourthly, on or prior to the Business Day immediately preceding the final Interest Payment Date (being the Maturity Date of the Notes or at early redemption of the Notes in accordance with the Conditions), VMIH will make a payment to the Issuer (as calculated in accordance with the Agency and Account Bank Agreement, a “**Maturity Shortfall Payment**” and, together with the Term Shortfall Payments, the “**Shortfall Payments**” and each a “**Shortfall Payment**”) in an amount equal to the positive difference, if any, between (i) the aggregate principal amount of the Notes to be repaid together with the amount of interest due on the Notes on such final Interest Payment Date, *less* (ii) the sum of:
  - a. all Collected Amounts on all Assigned Receivables to be repaid or prepaid to the Issuer on or prior to two Business Days prior to the final Interest Payment Date;
  - b. any other amounts (including any accrued interest) due to be paid by the Platform Provider to the Issuer pursuant to the Framework Assignment Agreement on or prior to two Business Days prior to the final Interest Payment Date;
  - c. the principal amount of and interest due on all of the loans under the New VM Facilities to be paid to the Issuer on maturity of the New VM Facilities; and
  - d. all other amounts in the Issuer Transaction Accounts (to the extent not included in any of the above).
6. By contrast to the Maturity Shortfall Payment, to the extent that any calculation in this paragraph (5) results in a negative value, the Issuer will pay or transfer to VMIH (as calculated in accordance with the Agency and Account Bank Agreement, a “**Maturity Excess Payment**” and, together with the Term Excess Arrangement Payments, the “**Excess Arrangement Payments**” and each an “**Excess Arrangement Payment**”) (as a rebate of previously paid interest) in an amount which would return such negative value to zero; *provided, however*, that such payment will only be made after all amounts due and payable to Noteholders under the Notes have been settled.

### ***Approved Exchange Offer***

In order to extend the availability of the committed financing for the purchase of VM Accounts Receivable represented by the Committed Principal Proceeds beyond the Maturity Date of the Notes, VMIH may, at any time, enter into an exchange offer and payables financing plan agreement (a “**Plan Agreement**”) with a new entity (a “**New Issuer**”). Pursuant to any such Plan Agreement, the New Issuer will procure from VMIH a commitment to cancel amounts of the New VM Facilities as set forth below, and will enter into agreements with VMIH, the Platform Provider, the Notes Trustee and other relevant counterparties providing for the New Issuer’s purchase of VM Accounts Receivable on terms and conditions substantially similar to the Transaction Documents.

Promptly after entering into the Plan Agreement, the New Issuer will launch an exchange offer (the “**Approved Exchange Offer**”) designed to allow holders of Notes to exchange up to a specified principal amount of Notes for a principal amount of new Notes (the “**New Notes**”) to be set out in the Approved Exchange Offer. Upon consummation of the Approved Exchange Offer, subject to the terms of the Trust Deed:

- (i) The New Issuer will issue a specified amount of New Notes to the holders of Notes validly tendered into the Approved Exchange Offer and not withdrawn. If, upon the expiration of the Approved Exchange Offer, holders of Notes have validly tendered more Notes than the New Issuer is able to

accept pursuant to the Approved Exchange Offer, the New Issuer will accept for exchange Notes validly tendered and not withdrawn on a pro rata basis, based on the proportion that the aggregate principal amount of Notes to be accepted bears to the aggregate principal amount of Notes validly tendered and not withdrawn;

- (ii) The Issuer will purchase from the New Issuer any Notes accepted by the New Issuer pursuant to the Approved Exchange Offer and will cancel such purchased Notes. As consideration for such purchase, the Issuer will simultaneously pay, assign and transfer to the New Issuer:
  - (A) Assigned Receivables such that (a) minus (b) is equal to or less than (c) plus (d); where (a) is the Committed Principal Proceeds multiplied by the Relevant Percentage, where “**Relevant Percentage**” means the proportion that the aggregate principal amount of Notes accepted into the Approved Exchange Offer bears to the aggregate principal amount of Notes outstanding as of the date of consummation of the Approved Exchange Offer (the “**Determination Date**”), (b) is the aggregate historical Purchase Price Amount of such Assigned Receivables assigned to the New Issuer pursuant to this clause (A), (c) is the balance of Excess Cash Loans outstanding on the Determination Date, and (d) any Interim Platform Amounts to be credited to the Issuer on the Determination Date. The Assigned Receivables to be assigned to the New Issuer pursuant to this clause (A) will be selected by an independent financial, banking, accounting or other similar advisor designated by VMIH, the Issuer or the Administrator with a mandate to maximise the aggregate Purchase Price Amount of the transferred Assigned Receivables whilst ensuring that they have the shortest maturities possible. Assigned Receivables will only be assigned and transferred to the New Issuer pursuant to this clause (A) in whole, and not in part;
  - (B) The cash proceeds from the repayment of Interest Facility Loans (to be demanded by the Issuer or the Administrator) in an amount equal to (a) minus (b) minus (c); where (a) is the Initial Interest Reserve Amount (as reduced by any previous Approved Exchange Offers pursuant to this clause or other redemptions of the Notes) multiplied by the Relevant Percentage, (b) is the accrued and unpaid Premium that remained outstanding on the Assigned Receivables assigned pursuant to clause (A) above as of the immediately preceding Interest Payment Date, and (c) is any accrued and unpaid Retained Amount Interest that remained outstanding as of the Determination Date in respect of the Retained Amounts to be transferred to the New Issuer pursuant to clause (D) below, as applicable;
  - (C) The cash proceeds from the repayment of Excess Cash Loans (to be demanded by the Issuer or the Administrator) in an amount equal to (a) minus (b) minus (c), where (a) is the Committed Principal Proceeds multiplied by the Relevant Percentage, (b) is the aggregate Purchase Price Amounts of Assigned Receivables assigned to the New Issuer pursuant to clause (A) above, and (c) is any Interim Platform Amounts to be credited to the Issuer on the Determination Date;
  - (D) The cash proceeds from the payment by the Platform Provider to the Issuer on the Determination Date of any Retained Amounts and any other Interim Platform Amounts; and
  - (E) An “**Accrued Facility Interest and Shortfall Amount**” equal to (a) minus (b) minus (c) minus (d) minus (e), where (a) is the aggregate principal amount of Notes tendered into the Approved Exchange Offer, (b) is the aggregate Purchase Price Amounts of the Assigned Receivables assigned pursuant to clause (A) above plus accrued and unpaid Premium thereon through the Determination Date, (c) is the amount of cash proceeds set out in clause (B) above, (d) is the amount of cash proceeds set out in clause (C) above and (e) is the amount of cash proceeds set out in clause (D) above. The Issuer will demand repayment of Excess Cash Loans in an amount equal to any Accrued Facility Interest and Shortfall Amount in order to make such payment.

### ***SCF Platform Documents***

VM Accounts Receivable purchased by the Issuer pursuant to the Framework Assignment Agreement are uploaded by the Obligors to the SCF Platform (as defined in Condition 1 (*Definitions and Principles of Construction*)) managed by the Platform Provider to facilitate receivables financing provided by the Platform Provider and other participating funding providers, including the Issuer. The SCF Platform is made available to VMIH and certain of its subsidiaries, and is administered under the terms of the Accounts Payable Management Services Agreement and the Discounted Payments Purchase Agreements described below.

## *Accounts Payable Management Services Agreement*

On or before the Issue Date, the Platform Provider and the Obligors will enter into the Accounts Payable Management Services Agreement (as defined in Condition 1 (*Definitions and Principles of Construction*)). Under the terms of the APMSA, the Obligors (which, in the context of this section entitled “*SCF Platform Documents*” shall include reference to the Obligors’ Parent, the eligible Subsidiary Obligors and Virgin Media Ireland Ltd.) are “Buyer Entities” who may upload Electronic Data Files containing details of Receivables on to the SCF Platform to enable the purchase by the Platform Provider of such Receivables (and the Parent Payment Obligations arising in respect thereof) from the relevant Supplier. Additional Subsidiary Obligors may accede to the APMSA by entering into an accession letter (substantially in form set out in the APMSA) with the Platform Provider and the Obligors’ Parent, and an existing Subsidiary Obligor may cease to be a “Buyer Entity” for the purposes of the APMSA if the Platform Provider or Obligors’ Parent provides written notice to such effect. Pursuant to the Agency and Account Bank Agreement, the Obligors’ Parent will undertake to the Issuer that the Obligors’ Parent may notify the Platform Provider of a resignation of a Subsidiary Obligor only if all Outstanding Amounts owed by such Subsidiary Obligor (as principal obligor) in respect of its Assigned Receivables have been settled in accordance with the APMSA on or prior to the date of its resignation, and the Obligors’ Parent will agree to promptly provide written notification of the same to the Issuer (or the Administrator on its behalf).

From time to time, an Obligor may execute an Upload and designate such uploaded Receivables as “approved”. Each Approved Platform Receivable will initially give rise to Parent Payment Obligation, being an independent and primary obligation by VMIH (on the basis described in the sections entitled “*Description of the Receivables*” and “*Summary of Principal Documents—Accounts Payable Management Services Agreement*” included elsewhere in this Offering Circular) to make payment or cause payment of the Certified Amount (as defined below) to be made to the relevant recipient on the Confirmed Payment Date in respect thereof. Upon each Initial Transfer (being the sale and assignment of a Parent Payment Obligation and the applicable Receivable related thereto from the Supplier to the Platform Provider through the SCF Platform), the relevant Parent Payment Obligation will become a Payment Obligation, pursuant to which each Obligor will become jointly and severally liable with each other Obligor to make payment or cause payment to be made to the relevant recipient on the Confirmed Payment Date in respect thereof. The Obligors’ Parent has notified the Platform Provider in writing that eligible Receivables (as further described in “*Summary of Principal Documents—Accounts Payable Management Services Agreement*” included elsewhere in this Offering Circular) may include those with a Confirmed Payment Date of up to 330 days (or, in the case of Receivables owing to specified Suppliers as notified by the Obligors’ Parent to the Platform Providers, 360 days) from the issuance date of the relevant invoice. In respect of Initial Transfers of Receivables with a Confirmed Payment Date of:

- (i) up to 180 days from the issuance date of the relevant invoice, a margin of 2.50% per annum calculated on the basis of the relevant Outstanding Amounts (which includes the Platform Provider Processing Fee) over the base rate (the “**Margin**”) applies to such Receivables; and
- (ii) up to 330 days (or, in the case of Receivables owing to specified Suppliers as notified by the Obligors’ Parent to the Platform Providers, 360 days) from the issuance date of the relevant invoice, the Margin on such Receivables increases to 2.75% per annum calculated on the basis of the relevant Outstanding Amounts (which includes the Platform Provider Processing Fee) over the base rate, and

in each case, the relevant Margin applies from the date of the relevant Initial Transfer until the Confirmed Payment Date in respect of such Payment Obligation (and the Receivable related thereto, solely to the extent that such Receivable has been acquired by the Platform Provider). The base rate (being, in this case, GBP LIBOR with a floor of zero) is determined by the remaining tenor between the date of the relevant transfer and the Confirmed Payment Date (i.e. between 1 and 30 days, 1 month base rate will apply; between 31 and 60 days, 2 months base rate will apply). The applicable base rate plus the applicable Margin are used to calculate the Applied Discount that the Platform Provider will deduct from the Certified Amount in the case of transfer by the Platform Provider of the VM Account Receivable prior to the Confirmed Payment Date, and accordingly is used in the calculation of the Purchase Price Amount for each VM Account Receivable. The Margin under the APMSA may not be amended without the written consent of the Issuer, and pursuant to the terms of the other Transaction Documents, the Issuer will agree to provide its written consent to any amendment of the Margin (without being required to seek the consent of the Noteholders) so long as the obligations of the New VM Facilities Borrower in favour of the Issuer under Clause 11.2 (“*Facility Fees*”) of the New VM Facilities Agreement remain in full force and effect.

Pursuant to the APMSA, the Obligors’ Parent and, as applicable, each Subsidiary Obligor appoints the Platform Provider as paying agent with respect to the settlement of any VM Account Receivable. Settlement



requires the Obligors' Parent (or, at its option, a Subsidiary Obligor) to make an electronic transfer of the Certified Amount (as defined below) to the Platform Provider's designated bank account on the Confirmed Payment Date, and the Platform Provider will, in turn, transfer such Certified Amount (or part thereof as received by the Platform Provider) to the relevant recipient (which shall be the Issuer in respect of Assigned Receivables) on the same Confirmed Payment Date. As used herein, "**Certified Amount**" means, with respect to a Payment Obligation, the Outstanding Amount of such Payment Obligation on the "**Certified Amount Fixed Date**", being earliest to occur of (i) the date of the Initial Transfer, and (ii) the date falling three Business Days prior to the Confirmed Payment Date of that Payment Obligation. Failure by any Obligor to pay all or any part of the Certified Amount by the Confirmed Payment Date will cause default interest to accrue on the unpaid sum at a rate of 1-month GBP LIBOR (floored at zero) *plus* 7% per annum, until the Certified Amount has been discharged in full.

If an Obligor wishes to reduce the amount of any Approved Platform Receivable for any reason (including as a result of any lien, right of set-off, defence, claim, counterclaim, or other certain adverse claim), it may post the amount to be deducted from such Approved Platform Receivable (each, a "**Credit Note**") as an entry in an Electronic Data File to the SCF Platform Website and such Credit Note will be allocated to the corresponding Payment Obligation on the following Business Day. No Credit Notes may be allocated to a Payment Obligation following the relevant Certified Amount Fixed Date. Additionally, each Obligor agrees to be responsible for the accuracy of all information submitted by them onto the SCF Platform Website in respect of VM Accounts Receivable and the Obligors' Parent agrees to comply with certain reporting requirements set out in the APMSA.

Under the APMSA, each Obligor represents, warrants and covenants to the Platform Provider at the date of an Upload resulting in any Payment Obligation arising and at the date of any transfer via the SCF Platform of a Payment Obligation and the Receivable related thereto (solely to the extent that such Receivable has been acquired by the Platform Provider) (including each Assignment Date), as applicable, among other things: (i) that the Approved Platform Receivable relating to each Payment Obligation meets certain criteria under the APMSA, including (but not limited to) having a Confirmed Payment Date of no more than 180, 330 or 360 days, as applicable, from the issuance date of the relevant invoice and being denominated in an agreed currency; (ii) that the Approved Platform Receivable is not subject to any mortgage, charge, pledge, lien, other encumbrance or other personal right or right in rem of any third party and has, to the best of the relevant Obligor's knowledge, not been transferred or transferred in advance; (iii) that each Payment Obligation and the Receivable related thereto (solely to the extent that such Receivable has been acquired by the Platform Provider) is free of any adverse claims, including any lien, right of set-off, netting, abatement, reduction, claim, defence or counterclaim; (iv) that each Payment Obligation and Receivable related thereto (solely to the extent that such Receivable has been acquired by the Platform Provider) can be validly transferred in accordance with the terms of the APMSA; and (v) that each Payment Obligation will be settled by an Obligor by the payment of the relevant Certified Amount on the relevant Confirmed Payment Date without withholding, deduction or set-off.

The APMSA also provides that the following occurrences, among others, constitute events of default, whereupon the Platform Provider shall have the right (but not the obligation) to suspend the provision of accounts payable management services and prohibit the creation of any further Payment Obligations (each, an "**APMSA Event of Default**"): (i) breach by any Obligor of any obligation or certain representations, warranties or covenants in the APMSA, if not remedied for a period of ten days (which grace period shall not apply if such breach relates to a financial interest of an amount in excess of £5.0 million); (ii) non-payment of any amount due under the APMSA, including all or any part of any Certified Amount (subject to a grace period of one Business Day in the case of principal, and three Business Days in the case of any other amount); (iii) if any Obligor is unable, deemed unable, or admits inability to pay its debts as they fall due; and (iv) any corporate action, legal proceedings or other procedure is taken in relation to the suspension of payments, winding-up, or dissolution of any Obligor, or any composition, compromise, assignment or arrangement with any creditor of any Obligor, or the appointment of a liquidator, receiver, or other similar officer in respect of any Obligor.

The Obligors' Parent has also agreed to provide certain indemnities to the Platform Provider under the APMSA, including (but not limited to) indemnities against any losses directly suffered for or on account of tax, reasonable losses incurred as a direct result of any APMSA Event of Default or failure by any Obligor to pay any amount due under the APMSA, and any costs, expenses, claims or losses incurred as a result of the incorrect calculation by any Obligor of the amount of any Receivable uploaded in an Electronic Data File.

Subject to the consent of the Obligors' Parent (which will not be unreasonably withheld), the Platform Provider may assign, transfer or deal in any other manner with any VM Account Receivable that has been transferred to it, and/or all of its rights against any Obligor or under the APMSA, in part or in whole, to any third



party; *provided, however*, that the Platform Provider may transfer any of its rights in VM Accounts Receivable to any of its affiliates without the consent of the Obligors' Parent if the Platform Provider promptly (and in any event, within 3 Business Days of such transfer) provides written notice to the Obligors' Parent of such transfer. No Obligor may so assign or transfer its respective rights and obligations under the APMSA without the written consent of the Platform Provider, and such consent shall not be unreasonably withheld or delayed.

Each of the Platform Provider and the Obligors' Parent may unilaterally terminate the APMSA upon notice to the other party, if such other party breaches a material provision of the APMSA and fails to cure such breach within 10 days following written notice from the other party requiring them to remedy such breach. The Platform Provider may also terminate the APMSA: (i) for any reason upon 12 months' prior written notice to the Obligors' Parent; and (ii) immediately, upon written notice, if it becomes unlawful for the Platform Provider in any applicable jurisdiction to perform any of its obligations thereunder. The Obligors' Parent may terminate the APMSA for any reason upon 20 Business Days' prior written notice to the Platform Provider. Following termination of the APMSA, the Obligors will no longer be permitted to use to the SCF Platform. All rights, duties and obligations of the parties to the APMSA with respect to the Payment Obligations posted to the SCF Platform prior to the effective date of any termination shall survive the termination of the APMSA.

#### *Discounted Payments Purchase Agreements*

In conjunction with the SCF Platform, each Supplier has entered into, or will enter into, a Discounted Payments Purchase Agreement (each based on a standard form and as defined in Condition 1 (*Definitions and Principles of Construction*)) with the Platform Provider. Upon an Upload by an Obligor and the designation of such uploaded Receivable as "approved", (i) the price of such Receivable is increased (in accordance with the relevant supply contract) by adding to the initial face value of such Receivable the Applied Discount (as defined in the context of the APMSA) (as displayed on the SCF Platform on the relevant day) calculated for the period between the date of the Upload and the Confirmed Payment Date; and (ii) the Supplier to which such Approved Platform Receivable relates will automatically and irrevocably offer to sell to the Platform Provider the relevant Parent Payment Obligation and the Receivable related thereto at a discounted price (as determined by deducting from the grossed-up amount of the relevant invoice (calculated in accordance with the relevant supply contract as described above), such Applied Discount (as defined in the context of the APMSA) (as displayed on the SCF Platform on the relevant day), such that the Platform Provider pays an amount equal to the original face value of such invoice owed to the Supplier). Each such offer accepted by the Platform Provider pursuant to a Discounted Payments Purchase Agreement will result in the sale, assignment and transfer to the Platform Provider of all of such Supplier's rights, title and interest in and to the relevant Parent Payment Obligation and the Receivable related thereto.

The Supplier is deemed to represent and warrant to the Platform Provider upon the date of each offer (and the date of the relevant Initial Transfer) that, with respect to each Parent Payment Obligation (and any Receivable related thereto, where applicable), among other things: (i) the Supplier (solely) holds the full legal and beneficial right, title and interest in and to the relevant Parent Payment Obligation and the Receivable related thereto; (ii) the Supplier is entitled to sell and transfer the relevant Parent Payment Obligation and the Receivable related thereto to the Platform Provider pursuant to the terms of the relevant Discounted Payments Purchase Agreement, and the relevant Parent Payment Obligation and the Receivable related thereto is transferred to the Platform Provider following acceptance of the offer; (iii) no mortgage, charge, pledge, lien, other encumbrance or other personal right or right in rem exists in relation to the relevant Parent Payment Obligation or Receivable related thereto, and the relevant Parent Payment Obligation has not been transferred nor made subject to any mortgage, charge, pledge, lien, or other encumbrance in advance; and (iv) the Parent Payment Obligation and the Receivable related thereto is free of any adverse claims, including any lien, right of set-off, netting, abatement, reduction, claim, defence or counterclaim. Following each Initial Transfer, the Platform Provider, in its capacity as agent for the relevant Supplier, shall provide notice of such transfer to the Obligors' Parent and the relevant Subsidiary Obligor.

Additionally, pursuant to the relevant Discounted Payments Purchase Agreement, any tax applicable to the transfer from the Supplier to the Platform Provider of a Parent Payment Obligation and any Receivable related thereto shall be solely payable by that Supplier. The Supplier also represents and warrants that upon payment by the Platform Provider of the outstanding amount owing under any Parent Payment Obligation to the relevant bank account established in such Supplier's own name on the Confirmed Payment Date, the applicable Parent Payment Obligation shall be satisfied and the relevant Obligor's obligation to pay the Supplier for the corresponding Receivable shall be extinguished in an amount equal to such amount paid.

Subject to the agreement of the relevant Suppliers to the standard form, each Discounted Payments Purchase Agreement gives the Platform Provider the right, without the consent of or notice to the Supplier, to assign, transfer, mortgage, charge or otherwise deal in any other manner with any or all of its rights and obligations under the relevant Discounted Payments Purchase Agreement, in whole or in part (including, for the avoidance of doubt, any of the Parent Payment Obligations and Receivables related thereto purchased by the Platform Provider thereunder). In turn, pursuant to the Framework Assignment Agreement (as described above), the Platform Provider's right, title and interest in and to the whole of each VM Account Receivable are assigned to the Issuer. For a further description of the Discounted Payments Purchase Agreements, see "*Summary of Principal Documents—Discounted Payments Purchase Agreements*".

### ***SCF Platform Addition***

At any time after the Issue Date, VMIH and the Subsidiary Obligors may, at their option, elect to participate in an additional online system established and administered by another Platform Provider (an "**SCF Platform Addition**"). In connection with any SCF Platform Addition, VMIH and the Subsidiary Obligors may enter into additional accounts payable management services agreements (or equivalent) and the Issuer may (and upon request by VMIH, shall) enter into one or more additional receivables assignment agreements (or equivalent), pursuant to which the Issuer will purchase eligible VM Accounts Receivable from such additional Platform Provider. The consent of the Noteholders will not be required for VMIH, the Subsidiary Obligors and the Issuer to give effect to any SCF Platform Addition (including the modification of any Transaction Documents to implement such SCF Platform Addition), and the Administrator will enter into any SCF Platform Addition Documentation if the Administrator receives written confirmation (with a copy to the Notes Trustee) from VMIH that, in VMIH's determination, the entry into such SCF Platform Addition Documentation is reasonably required to implement such SCF Platform Addition and does not materially and adversely affect the interests of the Noteholders.

### ***Other Transaction Documents***

The following documents will be entered into in relation to the Notes: (a) the Trust Deed, (b) an agency and account bank agreement dated the Issue Date (the "**Agency and Account Bank Agreement**") between, inter alios, the Issuer, the Notes Trustee, The Bank of New York Mellon, London Branch as transfer agent (the "**Transfer Agent**", which term shall include any successor or substitute transfer agent appointed pursuant to the terms of the Agency and Account Bank Agreement), The Bank of New York Mellon, London Branch as principal paying agent (the "**Paying Agent**", which term shall include any successor, substitute or additional paying agent appointed pursuant to the terms of the Agency and Account Bank Agreement), The Bank of New York Mellon (Luxembourg) S.A. as registrar (the "**Registrar**", which term shall include any successor or substitute registrar appointed pursuant to the terms of the Agency and Account Bank Agreement), The Bank of New York Mellon, London Branch as administrative agent (the "**Administrator**", which term shall include any successor or substitute administrative agent appointed pursuant to the terms of the Agency and Account Bank Agreement), The Bank of New York Mellon, London Branch as the Issuer transaction account bank (the "**Account Bank**", which term shall include any successor or substitute account bank appointed pursuant to the terms of the Agency and Account Bank Agreement), and (c) a corporate administration agreement dated on or prior to the Issue Date, (the "**Corporate Administration Agreement**") between the Issuer and TMF Administration Services Limited as corporate services provider (the "**Corporate Servicer**", which term shall include any successor or substitute corporate service providers of the Issuer in accordance with the terms of the Corporate Administration Agreement). The Transfer Agent, Registrar, Paying Agent, Account Bank and Administrator are herein referred to collectively as the "**Agents**".

The Notes are senior obligations of the Issuer and are secured by security for, *inter alia*, the Notes created by the Trust Deed and the other Notes Security Documents.

These Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Agency and Account Bank Agreement and the other Transaction Documents. If there is any conflict between these Conditions and the Trust Deed, these Conditions shall prevail.

The Noteholders and all persons claiming through them or under the Notes are entitled to the benefit of, and are bound by, the Trust Deed, the Agency and Account Bank Agreement and the other Transaction Documents, physical and/or electronic copies of which are available for inspection during usual business hours on any week day (excluding Saturdays, Sundays and public holidays) at the offices of the Paying Agent and at the registered office of the Issuer.

The issue of the Notes was authorised by resolution of the Board of Directors of the Issuer passed on September 16, 2016.

## 1. Definitions and Principles of Construction

### *General Interpretation*

(a) In these Conditions any reference to:

**“Accelerated Maturity Event”** has the meaning assigned to such term in Condition 6(g) (*Redemption, Purchase and Cancellation; Approved Exchange Offer—Accelerated Maturity Event*);

**“Accounts Payable Management Services Agreement”** or **“APMSA”** means (i) the Existing APMSA, and (ii) following an SCF Platform Addition, the Existing APMSA and any accounts payable management services agreement (or equivalent) to be entered into between, *inter alios*, the Platform Provider and VMIH as Obligor’s Parent, in each case of (i) and (ii), as amended, amended and restated, supplemented (including, without limitation, pursuant to an APMSA Deed of Confirmation), replaced (including pursuant to an SCF Platform Replacement), or otherwise modified from time to time;

**“APMSA Deed of Confirmation”** any deed, agreement or other instrument executed by the Obligors to provide a Payment Obligation in respect of any Receivable uploaded to the SCF Platform prior to September , 2016, as a supplement to the APMSA;

**“Applicable Premium”** means with respect to a Note at any redemption date prior to September 15, 2019, the excess of (1) the present value at such redemption date of (a) the principal amount of such Note plus (b) all required remaining scheduled interest payments due on such Note through September 15, 2019 (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 Note on such redemption date. For the avoidance of doubt, calculation of the Applicable Premium shall not be a duty or obligation of the Notes Trustee, the Security Trustee or the Registrar, the Paying Agent or the Transfer Agent;

**“Appointee”** means any attorney, agent, delegate or other person properly appointed by the Notes Trustee and/or the Security Trustee in accordance with the Trust Deed to discharge any of its function or advise it in relation thereto;

**“Approved Exchange Offer”** has the meaning assigned to such term in Condition 6(k) (*Redemption, Purchase and Cancellation; Approved Exchange Offer—Approved Exchange Offer*);

**“Assigned Receivable”** means, at any time of determination, any VM Accounts Receivable in respect of which there has been an assignment of such VM Accounts Receivable from the Platform Provider to the Issuer pursuant to the terms of the Framework Assignment Agreement and the relevant Assignment Framework Note;

**“Assignment”** has the meaning above under *Overview of the Structure of the Offering of the Notes*;

**“Assignment Framework Note”** means an assignment framework note in the form set out in Schedule 1 (*Form of Assignment Framework Note*) to the Framework Assignment Agreement;

**“Basic Terms Modification”** means a modification of certain terms (as fully set out in the Trust Deed) including the date of maturity of the Notes or a modification of which would have, other than in connection with an Accelerated Maturity Event, the effect of postponing any date for payment of interest thereon, the reduction or cancellation of the amount of principal payable in respect of such Notes, the alteration of the rate of interest applicable in respect of such Notes, the alteration of the quorum or the majority required to pass an Extraordinary Resolution, the alteration of the currency of payment of such Notes or any alteration of the manner of redemption of such Notes and any material modification to the security granted by the Issuer or any modification to this definition or any material modification to the Priorities of Payments, other than any material modification to the order of priority that affects only item(s) lower in the Post-Enforcement Priority of Payments than item number five;

**“Borrower”** means any borrower under the New VM Facilities Agreement from time to time;

**“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, Dublin, Ireland or London, England are authorized or required by law to close;

**“Certified Amount”** has the meaning assigned to such term above under *Overview of the Structure of the Offering of the Notes*;

**“Committed Principal Proceeds”** means the amount available to the Issuer on the Issue Date for the purchase of VM Accounts Receivable equal to £334.3 million, representing the net proceeds of the issuance

of the Notes *minus* the Initial Interest Reserve Amount *plus* any upfront payments payable by VMIH pursuant to the New VM Facilities Agreement;

**“Confirmed Payment Date”** means, with respect to a Payment Obligation, the date (which cannot be changed) specified as such in the Electronic Data File in respect of the Receivable that was designated as “approved” which led to that Payment Obligation arising;

**“Definitive Note”** means in respect of the Notes, each note issued or to be issued in definitive registered form in accordance with Clause 3.3 (*Transfer and Exchange*) of the Trust Deed, in or substantially in the form set out in Schedule A, Part 2 of the Trust Deed;

**“Discounted Payments Purchase Agreements”** means the agreements entered into, from time to time, each between the Platform Provider and the Supplier named therein, as may be amended, amended and restated, supplemented, replaced (including pursuant to an SCF Platform Replacement) or otherwise modified from time to time (including pursuant to an SCF Platform Addition);

**“Distribution Compliance Period”** means the 40-day period prescribed by Regulation S commencing on the later of (a) the date upon which the Notes are first offered to persons other than the Initial Purchasers and any other distributor (as such term is defined in Regulation S) of the Notes and (b) the Issue Date;

**“Electronic Data File”** means an electronic file substantially in the form set out in Schedule 4 to the Accounts Payable Management Services Agreement;

**“Encumbrance”** includes any mortgage, charge (whether legal or equitable), pledge, lien, hypothecation or other encumbrance or other security interest securing any obligation of any person or any other type of agreement, trust or arrangement (including, without limitation, title transfer and retention arrangements) having a similar effect but, for the avoidance of doubt shall not include (a) a right of counterclaim or (b) a right of set off arising by contract or operation of law not constituting a mortgage, charge or other encumbrance under applicable law;

**“Enforcement Action”** has the meaning assigned to such term in Clause 7.2 (*Enforcement*) of the Trust Deed;

**“Enforcement Notice”** means a notice declaring the security created by the Notes Security Documents to be enforceable given by the Security Trustee to the Issuer, pursuant to the Trust Deed at any time following the service to the Issuer of a Note Acceleration Notice;

**“ERISA”** means the Employee Retirement Income Security Act of 1974, as amended;

**“Euroclear”** and/or **“Clearstream”** means Euroclear Bank, S.A./N.V., as operator of the Euroclear system and Clearstream Banking, S.A., as applicable, or any successors thereto and shall, wherever the context so admits, be deemed to include reference to any additional or alternative clearing system approved by the Issuer and the Notes Trustee in relation to the Notes;

**“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.

**“Excess Cash Facility”** means the revolving facility to be made available by the Issuer to the New VM Facilities Borrower under the New VM Facilities Agreement pursuant to Clause 2.1 (*The Excess Cash Facility*) thereof;

**“Excess Cash Loans”** means loans to be made under the Excess Cash Facility pursuant to the New VM Facilities Agreement;

**“Excluded Buyer”** means Virgin Media Ireland Ltd., a private company limited by shares incorporated under the laws of Ireland with registered number 435668 whose registered office is at Building P2, Eastpoint Business Park, Clontarf, Dublin 3, Ireland, as the “Excluded Buyer” pursuant to and in accordance with the Framework Assignment Agreement.

**“Excluded Note”** means any Note held at the time of determination by the Issuer or a member of the VM Group;

**“Existing APMSA”** means the amended and restated accounts payable management services agreement dated , 2016 between, *inter alios*, the Platform Provider and VMIH as Obligors’ Parent;

**“Expenses Agreement”** means the expenses agreement dated on or about the Issue Date between VMIH and the Issuer;



**“Extraordinary Resolution”** means:

- (a) a resolution passed at a meeting of the Noteholders, duly convened and held, in each case, in accordance with and subject to the terms of the Trust Deed and the Conditions, by (i) in respect of any matter other than a Basic Terms Modification, a majority consisting of more than 50 per cent. of the persons voting at that meeting, or (ii) in respect of a Basic Terms Modification, a majority consisting of not less than three-fourths of the persons voting at that meeting; or
- (b) a resolution in writing signed by or on behalf of all the Noteholders (each, a **“Written Extraordinary Resolution”**), which resolution in writing may be contained in one document or in several documents in the same form each signed by or on behalf of one or more of the Noteholders;

**“Framework Assignment Agreement”** means (i) the Original Framework Assignment Agreement, and (ii) following an SCF Platform Addition, the Original Framework Assignment Agreement and any receivables assignment agreement (or equivalent) to be entered into between, *inter alios*, the Issuer, the Platform Provider and VMIH, in each case of (i) and (ii), as may be amended, amended and restated, supplemented, replaced (including pursuant to an SCF Platform Replacement) or otherwise modified from time to time, and pursuant to which the Issuer will purchase eligible VM Accounts Receivable from the Platform Provider. As used herein, the term “Framework Assignment Agreement” may also refer to, as the context may require, the Framework Assignment Agreement and the Assignment Framework Notes;

**“Further Notes”** has the meaning assigned to such term in Condition 20 (*Issue of Further Notes*);

**“including”** shall be construed as a reference to including without limitation, so that any list of items or matters appearing after the word including shall be deemed not to be an exhaustive list, but shall be deemed rather to be a representative list, of those items or matters forming a part of the category described prior to the word including;

**“Initial Interest Reserve Amount”** means a principal amount equal to the aggregate amount which will be due and payable on the Notes as interest on the first two Interest Payment Dates;

**“Insolvency Regulation”** means Council Regulation (EC) No. 1346/2000 of May 29, 2000;

**“Interest Facility”** means the revolving facility to be made available by the Issuer to the New VM Facilities Borrower pursuant to Clause 2.2 (*Interest Facility*) of the New VM Facilities Agreement;

**“Interest Facility Loans”** means loans to be made under the Interest Facility pursuant to the New VM Facilities Agreement;

**“Interest Payment Date”** means semi-annually in arrear on each March 15 and September 15 of each year, commencing on March 15, 2017, or, if any such day is not a Business Day, on the next succeeding Business Day;

**“Interest Period”** has the meaning ascribed thereto in Condition 5 (*Interest*);

**“Interest Proceeds Account”** means the account in the name of the Issuer, the details of which are set forth in the Agency and Account Bank Agreement, held with the Account Bank through which the Issuer will finance the payment of interest on the Notes;

**“Investment Company Act”** means the Investment Company Act of 1940, as amended;

**“Irish Excluded Assets”** means all assets, property or rights of the Issuer deriving from the Issuer Profit Account and the Corporate Administration Agreement;

**“Issue Date Arrangements Agreement”** means the agreement dated or on about the Issue Date between VMIH, the Issuer and the Share Trustee;

**“Issue Date Facility”** means the revolving facility to be made available by the Issuer to the New VM Facilities Borrower pursuant to Clause 2.3 (*Issue Date Facility*) of the New VM Facilities Agreement;

**“Issuer Available Funds”** means the aggregate of:

- (a) (i) all monies standing to the credit of the Issuer Transaction Accounts (including any proceeds of the Notes) and (ii) without double counting, all monies which are to be credited, in accordance with the terms of the Transaction Documents, to the Issuer Transaction Accounts; and
- (b) any funds available to be called under the New VM Facilities Agreement (*provided that* prior to the Maturity Date or an early redemption of the Notes in accordance with Condition 6 (*Redemption, Purchase and Cancellation; Approved Exchange Offer*), funds called under the Interest Facility shall only be applied towards payment of interest on the Notes);



**“Issuer Collection Account”** means the account in the name of the Issuer, the details of which are set forth in the Agency and Account Bank Agreement, held with the Account Bank into which the Issuer will receive payments on Assigned Receivables and amounts under the New VM Facilities Agreement (with any such payments being immediately credited to the Interest Proceeds Account or the Principal Proceeds Account, as applicable);

**“Issuer Event of Default”** has the meaning ascribed thereto in Condition 10(b) (*Issuer Events of Default—Events*);

**“Issuer Profit”** means the payment on the Issue Date into the Issuer Profit Account of (i) £3,000 as a fee for entering into the Transactions (as defined in the Trust Deed) and (ii) an arrangement fee of £100 pursuant to the Expenses Agreement;

**“Issuer Profit Account”** means the bank account in the name of the Issuer and into which the Issuer Profit is paid;

**“Issuer Security”** means the security interests created under the Notes Security Documents;

**“Issuer Transaction Accounts”** means the Issuer Collection Account, the Interest Proceeds Account and the Principal Proceeds Account;

a **“law”** shall be construed as any law (including common or customary law), statute, constitution, decree, judgment, treaty, regulation, directive, by-law, order or any other legislative measure of any government, supranational, local government, statutory or regulatory body or court;

**“Margin Amendments”** means any amendments, modifications, supplements or waivers to the Framework Assignment Agreement, any Assignment Framework Note and any other Transaction Document (as applicable), which have the effect of changing the Platform Provider Processing Fee, the Margin, the Funding Rate and/or the Applied Discount (each as defined in the Framework Assignment Agreement and/or the APMSA, as applicable);

**“Maturity Date”** means (i) initially, September 15, 2024 and (ii) following an Accelerated Maturity Event, the New Maturity Date;

**“New Maturity Date”** means the date that is one Business Day following the VM Change of Control Prepayment Date;

**“New VM Facilities”** means the Excess Cash Facility, the Interest Facility and the Issue Date Facility.

**“New VM Facilities Agreement”** means the facility agreement to be entered into on the Issue Date between, *inter alios*, VMIH as borrower and the Issuer as lender;

**“New VM Facilities Borrower”** means Virgin Media Investment Holdings Limited, a limited liability company organized and existing under the laws of England and Wales whose registered office is at Media House, Bartley Wood Business Park, Hook, Hampshire, RG27 9UP, United Kingdom, in its capacity as the borrower under the New VM Facilities Agreement;

**“New VM Facilities Guarantors”** means the Subsidiary Obligors, each in their capacity as guarantor under the New VM Facilities Agreement;

**“Note Acceleration Notice”** has the meaning ascribed thereto in Condition 10 (*Issuer Events of Default*);

**“Notes”** shall, unless the context otherwise requires, be construed to mean all of the Notes (and shall include Further Notes) other than:

- (a) those which have been redeemed in full in accordance with the Conditions;
- (b) those in respect of which the date for redemption in accordance with the Conditions has occurred and for which the redemption monies (including all interest and other amounts (if any) accrued thereon to such date for redemption) have been duly paid to the Paying Agent or the Notes Trustee in accordance with the Agency and Account Bank Agreement (and, where appropriate, notice to that effect has been given to the Noteholders in accordance with Condition 19 (*Notices and Information*)) and remain available for payment in accordance with the Conditions;
- (c) those which have become void under Condition 8 (*Prescription*);
- (d) those mutilated or defaced Notes which have been surrendered or cancelled and in respect of which replacement Notes have been issued pursuant to Condition 18 (*Replacement of Notes*); and

- (e) (for the purpose only of ascertaining how many Notes are outstanding and without prejudice to their status for any other purpose) those Notes which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued pursuant to Condition 18 (*Replacement of Notes*);

**“Notes Collateral”** has the meaning assigned to such term in Condition 3(d) (*Status, Priority and Security—Security*);

**“Notes Secured Obligations”** means the aggregate of all monies and other liabilities for the time being due or owing by the Issuer to the Secured Parties under or pursuant to the Trust Deed (including these Conditions), the Notes, the Agency and Account Bank Agreement and the other Notes Security Documents;

**“Notes Security Documents”** means the documents evidencing the security interests granted over the Notes Collateral (including, without limitation, the Trust Deed) and any other agreement or instrument from time to time governing a grant of a security interest permitted under the Trust Deed or the provisions of these Conditions to secure, *inter alia*, the obligations under the Notes;

**“Obligor”** means, with respect to each VM Account Receivable, any person (other than the Excluded Buyer) who owes a payment obligation in respect of such VM Account Receivable or any payment undertaking related to such VM Account Receivable to the Platform Provider or the Issuer pursuant to the Framework Assignment Agreement or any SCF Platform Documents, in any case, related to such VM Account Receivable, whether such obligation forms the whole or any part of such VM Account Receivable. On the Issue Date, the Obligors will be VMIH, together with each of Virgin Media Limited, Virgin Mobile Telecoms Limited and Virgin Media Senior Investments Limited;

**“Obligor Enforcement Notification”** means a notice informing an Obligor of an Assignment pursuant to the Framework Assignment Agreement;

**“Obligors’ Parent”** means VMIH in its capacity, under the Framework Assignment Agreement and the Accounts Payable Management Services Agreement, as parent of the Subsidiary Obligors;

**“Offering Circular”** means the Offering Circular published in connection with the Notes dated , 2016;

**“Officer”** of any person means the chairman of the board of directors, the chief executive officer, the chief financial officer, any director, any managing director, the treasurer, any assistant treasurer, the secretary, any assistant secretary, or any authorized signatory of such person;

**“Officer’s Certificate”** means a certificate signed by one or more Officers;

**“Original Framework Assignment Agreement”** means the framework assignment agreement dated on or about the Issue Date between, *inter alios*, the Issuer, the Platform Provider and VMIH;

**“Payment Obligation”** means an independent and primary obligation of the Obligors’ Parent (and, following an SCF Transfer in respect of such Payment Obligation, of each Subsidiary Obligor on a joint and several basis) to pay to the Relevant Recipient the Certified Amount on the Confirmed Payment Date under the APMSA;

**“Permitted Encumbrances”** means:

- (a) Encumbrances for taxes on the assets of the Issuer if the same shall not at the time be delinquent or thereafter can be paid without penalty, or are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded; *provided that* any reserve or other appropriate provision that shall be required in conformity with Irish GAAP as it applied for a period of account ending on December 31, 2004 (or other applicable accounting standard if the Issuer so elects) shall have been made therefor;
- (b) Encumbrances created for the benefit of (or to secure) the Notes, including any Further Notes (including any Encumbrances granted pursuant to the Notes Security Documents);
- (c) Encumbrances granted to the Notes Trustee or the Security Trustee for their compensation and indemnities pursuant to the Trust Deed; and
- (d) Encumbrances with respect to bankers’ liens, rights of set-off or similar rights or remedies in respect of cash maintained in bank accounts or certificates of deposit;

a **“person”** or **“Person”** means, any individual, firm, company, corporation, government, state or agency of a state or any association or partnership, limited liability company, trustee or statutory business trust (whether or not having separate legal personality) of two or more of the foregoing;

**“Platform Provider”** means (i) initially, ING Bank N.V., in its capacity as provider and the administrator of the SCF Platform, together with its successors and permitted assigns; (ii) following an SCF Platform Addition, ING Bank N.V. (together with its successors and permitted assigns) and any additional provider and administrator of an additional SCF Platform approved or appointed by VMIH or a Subsidiary Obligor (together with such platform provider’s successors and permitted assigns); and (iii) following an SCF Platform Replacement, the successor provider and administrator of the replacement SCF Platform approved or appointed by VMIH or a Subsidiary Obligor (together with such platform provider’s successors and permitted assigns);

**“Potential Event of Default”** means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration, and/or request and/or the taking of any similar action and/or the fulfillment of any similar condition would constitute an Issuer Event of Default;

**“Principal Proceeds Account”** means the account in the name of the Issuer, the details of which are set forth in the Agency and Account Bank Agreement, held with the Account Bank through which the Issuer will finance its periodic purchases of VM Accounts Receivable available through the SCF Platform and the ultimate repayment of principal on the Notes;

**“Priorities of Payments”** refers to the Pre-Enforcement Priority of Payments as set out in Condition 3(e) (*Status, Priority and Security—Pre-Enforcement Priority of Payments*) and/or the Post-Enforcement Priority of Payments as set out in Condition 3(f) (*Status, Priority and Security—Post-Enforcement Priority of Payments*), as the context may require;

**“Purchase Price Amount”** has the meaning assigned above under *Overview of the Structure of the Offering of the Notes*;

**“Qualified Institutional Buyer”** means a “qualified institutional buyer” as defined in Rule 144A;

**“Qualified Purchaser”** has the meaning specified in Section 2(a)(51) of the Investment Company Act and Rules 2a51-1, 2a51-2 and 2a51-3 under the Investment Company Act;

**“Quarterly Portfolio Reports”** mean the reports relating to the Assigned Receivables and outstanding loans under the New VM Facilities, prepared by the Administrator pursuant to paragraph (v)(B) of Part A of Schedule 3 (*General Duties of the Administrator*) of the Agency and Account Bank Agreement.

**“Receivable”** means an amount of money payable by an Obligor to a Supplier as a result of an existing business relationship, evidenced by an invoice, and upon an Upload and Initial Transfer (each as defined above under *Overview of the Structure of the Offering of the Notes*), includes all rights attaching thereto under the relevant contract to which such invoice relates and the SCF Platform Documents;

**“Receiver”** means a receiver, administrative receiver, trustee, administrator, custodian, conservator, liquidator, examiner, curator or other similar official (other than any party, including without limitation the Notes Trustee, the Security Trustee and the Administrator, appointed or otherwise acting pursuant to or in connection with the Trust Deed, the other Notes Security Documents, the Notes and the Agency and Account Bank Agreement);

**“Record Date”** means, with respect to any payments to Noteholders in respect of the Notes (i) with respect to the Global Notes, the close of business (in the relevant clearing system) on the Clearing System Business Day immediately before the due date for such payment, where **“Clearing System Business Day”** means a day on which each of the clearing systems for which the Global Note is being held is open for business, or (ii) with respect to any Definitive Notes which have been issued, to the Noteholders of record of the Notes on the immediately preceding 1<sup>st</sup> March and 1<sup>st</sup> September;

**“Register”** means the register kept at the office of the Registrar in which, subject to such reasonable regulations as it may prescribe, the Issuer shall provide for the registration of Notes and the registration of transfers and exchanges of Notes;

**“Regulation S”** means Regulation S promulgated under the Securities Act;

**“Relevant Date”** means, for the purposes of Condition 8 (*Prescription*), in respect of any payment in relation to the Notes, whichever is the later of:

- (a) the date on which the payment in question first becomes due; and
- (b) if the full amount payable has not been received by the Paying Agent or the Notes Trustee on or prior to that date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders in accordance with Condition 19 (*Notices and Information*);

**“Relevant Recipient”** means, with respect to a Payment Obligation:

- (a) the Supplier to whom the Receivable which the Payment Obligation arose in respect of is payable to; or
- (b) following transfer (in accordance with the terms of the Accounts Payable Management Services Agreement) of the Payment Obligation from that Supplier to the Platform Provider, the Platform Provider; or
- (c) following transfer of the Payment Obligation from the Platform Provider to a Transferee (as defined in the Accounts Payable Management Services Agreement) or one Transferee to another Transferee, the Transferee to whom the Payment Obligation has most recently been transferred;

**“repay”**, **“redeem”** and **“pay”** shall each include both of the others and **“repayable”**, **“repayment”** and **“repaid”** and **“redeemable”**, **“redemption”** and **“redeemed”** and **“payable”**, **“payment”** and **“paid”** shall be construed accordingly;

**“Rule 144A”** means Rule 144A promulgated under the Securities Act;

**“SCF Platform”** means the online system, managed by the Platform Provider and administered under the terms of the APMSA and the Discounted Payments Purchase Agreements, to facilitate receivables financing provided by the Platform Provider and other participating funding providers, including the Issuer, and made available to VMIH and certain of its subsidiaries (including the Subsidiary Obligors), together with any additional online system approved by VMIH or a Subsidiary Obligor pursuant to an SCF Platform Addition and any replacement online system approved by VMIH or a Subsidiary Obligor pursuant to an SCF Platform Replacement;

**“SCF Platform Addition”** means the addition of another online system established and administered by an additional Platform Provider to facilitate receivables financing made available to VMIH and certain of its subsidiaries (including the Subsidiary Obligors), as approved or appointed by VMIH or a Subsidiary Obligor;

**“SCF Platform Addition Documentation”** means the relevant additional Framework Assignment Agreement, together with any amendments, modifications, supplements or additions to any Transaction Document as is reasonably required (in the determination of VMIH) to implement an SCF Platform Addition;

**“SCF Platform Documents”** means the APMSA and the Discounted Payments Purchase Agreements;

**“SCF Platform Replacement”** means the replacement of the then-current SCF Platform with another online system established and administered by a successor Platform Provider to facilitate receivables financing made available to VMIH and certain of its subsidiaries (including the Subsidiary Obligors), as approved or appointed by VMIH or a Subsidiary Obligor.

**“SCF Platform Website”** means <https://www.ingscfplatform.com/> or such other website address as may be notified by the Platform Provider from time to time;

**“SCF Transfer”** means, in respect of a payment obligation arising in respect of a Receivable that has been given the status “approved” by or on behalf of the relevant Obligor via the SCF Platform, the transfer of such payment obligation to the Platform Provider pursuant to the terms of the APMSA and each relevant Discounted Payments Purchase Agreement;

**“Secured Parties”** means each of the following (here stated in no order of priority):

- (a) the Security Trustee and any Receiver, manager or other Appointee appointed under the Trust Deed or any Notes Security Document;
- (b) the Notes Trustee and any Appointee of the Notes Trustee, the Noteholders and the Agents under the Trust Deed (including these Conditions), the Notes, and the Agency and Account Bank Agreement; and
- (c) any other person who accedes as a beneficiary of the Notes Security Documents;

**“Securities Act”** means the United States Securities Act of 1933, as amended;

**“Securitisation Regulation”** means any regulation of the European Union and/or the United Kingdom related to simple, transparent and standardised securitisation including any implementing regulations, technical standards and official guidance related thereto;

a **“subsidiary”** of a company or corporation shall be construed as a reference to any company or corporation (A) which is controlled, directly or indirectly, by the first- mentioned company or corporation; or (B) more



than half the issued share capital of which is beneficially owned, directly or indirectly, by the first mentioned company or corporation; or (C) which is a subsidiary of another subsidiary of the first-mentioned company or corporation and for these purposes a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body;

**“Subsidiary Obligor”** means Virgin Media Limited, a private limited company incorporated under the laws of England and Wales with registered number 02591237 and with its registered office at Media House, Bartley Wood Business Park, Hook, Hampshire, RG27 9UP, United Kingdom; Virgin Mobile Telecoms Limited, a private limited company incorporated under the laws of England and Wales with registered number 03707664 and with its registered office at Media House, Bartley Wood Business Park, Hook, Hampshire, RG27 9UP, United Kingdom; Virgin Media Senior Investments Limited, a private limited company incorporated under the laws of England and Wales with registered number 10362628 and with its registered office at Media House, Bartley Wood Business Park, Hook, Hampshire, RG27 9UP, United Kingdom, United Kingdom; and any additional “Buyer Subsidiary” (as defined in the Accounts Payable Management Services Agreement) that accedes to the Accounts Payable Management Services Agreement in accordance with its terms, each in its capacity as a Subsidiary Obligor under the Accounts Payable Management Services Agreement, other than the Excluded Buyer (in accordance with the Framework Assignment Agreement);

**“Supplier”** means:

- (a) the suppliers permitted to access the SCF Platform Website pursuant to the terms of a Supplier Access Agreement and which are listed in Schedule 2 to the APMSA (as may be updated by the Platform Provider from time to time when any changes to the details set out therein occurs);
- (b) any supplier proposed by the Obligors’ Parent to the Platform Provider as a supplier and meeting the eligibility criteria set out in Schedule 2 to the APMSA and permitted to access the SCF Platform Website pursuant to the terms of a Supplier Access Agreement from time to time; and
- (c) following an SCF Platform Replacement or SCF Platform Addition, any supplier permitted to access such replacement or additional SCF Platform pursuant to the relevant Supplier Access Agreement;

**“Supplier Access Agreement”** means (i) an electronic agreement entered into by the Platform Provider and each Supplier on substantially similar terms as set out in Schedule 2 to the APMSA; and (ii) following an SCF Platform Replacement or SCF Platform Addition, any agreement entered into by the Platform Provider and each Supplier which governs access to such replacement or additional SCF Platform;

**“tax”** means any present or future tax, levy, impost, duty, charge, fee, deduction or withholding of any nature whatsoever (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same) imposed or levied by or on behalf of any jurisdiction or any sub-division of it or by any authority in it having power to tax, and taxes, taxation, taxable and comparable expressions shall be construed accordingly;

**“Tax Event”** means the occurrence of any of the following events by reason of a change in tax law (or in the application or official interpretation of any tax law) that has not become effective prior to the Issue Date:

- (a) the Issuer would on the next Interest Payment Date be required to deduct or withhold from any payment of principal, interest or other amounts (if any) on the Notes any amount for or on account of any present or future taxes imposed, levied, collected, withheld or assessed by the jurisdiction of tax residency of the Issuer or any political subdivision thereof or any authority thereof or therein and would be required to make an additional payment in respect thereof pursuant to Condition 9(a) (*Taxation—Gross Up for Deduction or Withholding*); or
- (b) any amounts payable by the Borrower or any member of the VM Group to the Issuer under the New VM Facilities Agreement or in respect of the funding costs of the Issuer cease to be receivable in full or the Borrower or any member of the VM Group incurs increased costs thereunder;

**“Transaction Documents”** means the Notes, the Trust Deed (including, for the avoidance of doubt, these Conditions), the New VM Facilities Agreement (and the other finance documents related thereto), the Expenses Agreement, the Issue Date Arrangements Agreement, the Accounts Payable Management Services Agreement, the Discounted Payments Purchase Agreements, the Framework Assignment Agreement (and each Assignment Framework Note delivered in accordance with the terms thereof), together with the Agency and Account Bank Agreement, and the Corporate Administration Agreement and each, a **“Transaction Document”**;

**“Transactions”** means the issuance of the Notes offered hereby, the application of the proceeds of the Notes as described in the Offering Circular (including the purchase of VM Accounts Receivable pursuant to the



Framework Assignment Agreement and the funding of the New VM Facilities Loans pursuant to the New VM Facilities Agreement), the making or receiving of payments under the New VM Facilities Agreement, the entry into the Transaction Documents and the Issuer's performance of its obligations thereunder, as further described in the Offering Circular;

**"VM Account Receivable"** means, collectively, a Payment Obligation which has been acquired by the Platform Provider and any Receivable relating thereto, solely to the extent that such Receivable has been acquired by the Platform Provider;

**"VM Change of Control Event"** has the meaning assigned to the term "Change of Control" in the New VM Facilities Agreement;

**"VM Change of Control Prepayment Date"** has the meaning given to the term "Change of Control Prepayment Date" in the New VM Facilities Agreement;

**"VM Change of Control Prepayment Offer"** has the meaning assigned to the term "Change of Control Prepayment Offer" in the New VM Facilities Agreement;

**"VM Event of Default"** means an "Event of Default" as defined in the New VM Facilities Agreement;

**"VM Group"** means VMIH together with any of its subsidiaries from time to time; and

**"VMIH"** means Virgin Media Investment Holdings Limited and any and all successors thereto.

#### *Singular and Plural*

- (b) Unless the context otherwise requires:
- (i) words denoting the singular number only include the plural number also and vice versa;
  - (ii) a defined term in the plural which refers to a number of different items or matters may be used in the singular or plural to refer to any (or any set) of those items or matters, as the context requires;
  - (iii) words denoting one gender only include the other genders; and
  - (iv) words denoting persons only include firms, corporations and other organised entities, whether separate legal entities or otherwise, and vice versa.

#### *Agreements and Statutes*

- (c) Unless the context otherwise requires, any reference in these Conditions to:
- (i) the Trust Deed, the Agency and Account Bank Agreement, any other Transaction Document or any other agreement, deed or document shall be construed as a reference to the relevant agreement, deed or document as the same may have been, or may from time to time be, replaced, extended, amended, varied, novated, supplemented or superseded in accordance with its terms and includes any agreement, deed or document expressed to be supplemental to it, as from time to time so extended, amended, varied or novated; and
  - (ii) any statutory provision or legislative enactment shall be deemed also to refer to any re-enactment, modification or replacement thereof and any statutory instrument, order or regulation made thereunder or under any such re-enactment.

## **2. Form, Denomination and Title**

#### *Form and Registration*

- (a) The Notes will be sold only to (i) non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act or (ii) in the United States to persons that are (x) Qualified Institutional Buyers and (y) also Qualified Purchasers. Each Note sold to a person that, at the time of the acquisition, purported acquisition or proposed acquisition of any such Note, is both a Qualified Institutional Buyer and a Qualified Purchaser will be issued in the form of one or more permanent global notes in definitive, fully registered form without interest coupons (the **"Rule 144A Global Notes"**). The Notes sold to non-U.S. persons in offshore transactions in reliance on Regulation S will be issued in the form of one or more permanent global notes in definitive, fully registered form without interest coupons (the **"Regulation S Global Notes"**). The Rule 144A Global Notes and the Regulation S Global Notes are referred to herein collectively as the **"Global Notes"**.

- (b) Each initial investor and subsequent transferee of an interest in a Global Note (except, in the case of Credit Suisse Securities (Europe) Limited, Banca IMI S.p.A., Citigroup Global Markets Limited, Deutsche Bank AG, London Branch and ING Bank N.V., London Branch (the “**Initial Purchasers**”), as may be expressly agreed in writing between such Initial Purchaser and the Issuer) will be deemed to represent, among other matters, as to its status under the Securities Act, the Investment Company Act and ERISA.
- (c) As used above, “**U.S. person**” and “**offshore transaction**” shall have the meanings assigned to such terms in Regulation S under the Securities Act.
- (d) The Global Notes will be deposited with the common depository for the respective accounts of Euroclear and Clearstream and registered in the name of a nominee of the common depository.
- (e) A beneficial interest in a Regulation S Global Note may be transferred to a person who takes delivery in the form of an interest in the corresponding Rule 144A Global Note only upon receipt by the Transfer Agent of
  - (i) a written certification from the transferor in the form required by the Trust Deed to the effect that such transfer is being made to a person whom the transferor reasonably believes is (x) a Qualified Institutional Buyer in a transaction meeting the requirements of Rule 144A under the Securities Act, in compliance with certain restrictions imposed during the Distribution Compliance Period, if applicable, and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction and (y) also a Qualified Purchaser, and (ii) a written certification from the transferee in the form required by the Trust Deed to the effect, among other things, that such transferee is (x) a Qualified Institutional Buyer and (y) also a Qualified Purchaser. Beneficial interests in a Rule 144A Global Note may be transferred to a person who takes delivery in the form of an interest in the applicable Regulation S Global Note only upon receipt by the Transfer Agent of a written certification from the transferor in the form required by the Trust Deed to the effect that such transfer is being made in accordance with Regulation S under the Securities Act and a written certification from the transferee in the form required by the Trust Deed to the effect, inter alia, that such transferee is a non-U.S. person purchasing such Note in an offshore transaction pursuant to Regulation S. Any beneficial interest in one of the Global Notes that is transferred to a person who takes delivery in the form of an interest in another Global Note will, upon transfer, cease to be an interest in such Global Note, and become an interest in such other Global Note, and accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other Global Notes for as long as it remains such an interest.
- (f) The registered owner of the relevant Global Note will be the only person entitled to receive payments in respect of the Notes represented thereby, and the Issuer will be discharged by payment to the registered owner of such Global Note or in respect of each amount so paid. No person other than the registered owner of the relevant Global Note will have any claim against the Issuer in respect of any payment due on that Global Note.
- (g) Except in the limited circumstances described below, owners of beneficial interests in the Global Notes will not be entitled to have Notes registered in their names, will not receive or be entitled to receive definitive physical Notes, and will not be considered “holders” of Notes under the Trust Deed or the Notes. If Euroclear or Clearstream notifies the Issuer that it is unwilling or unable to continue as depository for Global Notes and a successor depository or custodian is not appointed by the Issuer within 120 days after receiving such notice (a “**Depository Event**”), the Issuer will issue or cause to be issued, Notes in the form of definitive physical certificates in exchange for the applicable Global Notes to the beneficial owners of such Global Notes in the manner set forth in the Trust Deed. In addition, the owner of a beneficial interest in a Global Note will be entitled to receive a definitive physical Note in exchange for such interest if Euroclear and/or Clearstream so request following an Issuer Event of Default which is continuing, or if the holder of a beneficial interest in a Global Note requests such exchange in writing delivered through Euroclear and/or Clearstream or to the Issuer following an Issuer Event of Default which is continuing. Additionally, the Issuer, may, at its option, notify the Notes Trustee in writing that it elects to exchange in whole, but not in part, the Global Note for a definitive physical Note. In the event that definitive physical certificates are not so issued by the Issuer to such beneficial owners of interests in Global Notes, the Issuer expressly acknowledges that such beneficial owners shall be entitled to pursue any remedy that the holders of a Global Note would be entitled to pursue in accordance with the Trust Deed (but only to the extent of such beneficial owner’s interest in the Global Note) as if definitive physical Notes had been issued; *provided that* the Notes Trustee shall be entitled to rely, absolutely and without further enquiry, upon any certificate of ownership provided by such beneficial owners and/or other forms of reasonable evidence of such ownership. In the event that definitive physical Notes are issued in exchange for Global Notes as described above, the applicable Global Note will be surrendered to the Registrar by Euroclear or Clearstream and the Issuer will execute and the Registrar will authenticate and deliver an equal aggregate outstanding principal amount of definitive physical Notes.

- (h) The Notes will be subject to certain restrictions on transfer set forth therein and in the Trust Deed and the Notes will bear the restrictive legend set forth under “*Transfer Restrictions*”.

### 3. Status, Priority and Security

#### *Status and Relationship between the Notes*

- (a) The Notes constitute direct and, upon issue, unconditional obligations of the Issuer subject to the Trust Deed and these Conditions and are secured by the Issuer Security over the Notes Collateral. The Notes are the obligations solely of the Issuer and not obligations of, or guaranteed by, any of the other parties to the Transaction Documents. The Notes rank *pari passu* without preference or priority among themselves. Certain other obligations of the Issuer rank in priority to the Notes in accordance with the Priorities of Payments set out in this Condition 3 (*Status, Priority and Security*).

#### *Conflicts of Interest*

- (b) In relation to the exercise or performance by it of each of its trusts, powers, authorities, duties, discretions and obligations under or in connection with the Trust Deed and each of the other Transaction Documents or conferred upon it by operation of law, the Notes Trustee shall not have regard to the circumstances of individual Noteholders (and in particular the place where they are domiciled or resident for any purpose) and no Noteholder shall have any right to be compensated by the Issuer or any other person for the tax or other consequences for it individually of any such exercise or performance.
- (c) The Trust Deed and other Notes Security Documents contain provisions requiring the Security Trustee to have regard solely to the interests of the Secured Parties as regards the exercise and performance of all its powers, trusts, agency, authorities, duties and discretions in respect of the Notes Collateral, the Notes Security Documents or any other Transaction Document the rights and benefits of which are comprised in the Notes Collateral.

#### *Security*

- (d) As security for the payment or discharge of the Notes Secured Obligations, to the extent permitted under applicable law, the Issuer has created the following security pursuant to the Notes Security Documents:
  - (i) a first fixed charge over its rights, title, benefit and interest in, to and under the Assigned Receivables;
  - (ii) an assignment by way of security over its rights under all contracts, agreements, deeds and documents to which it is or may become a party or in respect of which it has or may have any right, title, benefit or interest (including, without limitation, the New VM Facilities Agreement, the Expenses Agreement, the Framework Assignment Agreement and the Issue Date Arrangements Agreement);
  - (iii) a first fixed charge over its rights to all amounts at any time standing to the credit of the Issuer Transaction Accounts; and
  - (iv) a first floating charge over all the present and future property, assets and undertaking of the Issuer not subject to the fixed charges or assignments by way of security described above,the assets in (i) through (iv) above collectively, but excluding the Irish Excluded Assets, the “**Notes Collateral**”.

#### *Pre-Enforcement Priority of Payments*

- (e) Until the Security Trustee serves an Enforcement Notice on the Issuer, the Administrator shall, on behalf of the Issuer, apply Issuer Available Funds in accordance with the Agency and Account Bank Agreement and the other Transaction Documents.

#### *Post-Enforcement Priority of Payments*

- (f) After the Security Trustee serves an Enforcement Notice on the Issuer, all monies subsequently received by the Issuer or the Security Trustee in respect of the Assigned Receivables, and any other Notes Collateral, shall be credited to the relevant Issuer Transaction Account and shall be applied by the Security Trustee in or towards satisfaction of the Notes Secured Obligations in each case with interest and any value added tax payable thereon (if applicable) as provided for in the relevant Transaction Document in the following order

of priority (the “**Post-Enforcement Priority of Payments**”) (and in each case only if and to the extent that payments or provisions of a higher priority, if any, have been made in full):

- (i) *first*, in or towards satisfaction, on a *pro rata* and *pari passu* basis, of (A) the fees or other remuneration and indemnity payments (if any) then payable to any Receiver and any costs, charges, liabilities and expenses incurred by it, (B) the fees or other remuneration and indemnity payments (if any) payable to the Notes Trustee and any Appointee of the Notes Trustee and any costs, charges, liabilities and expenses incurred by it for which it is entitled to be reimbursed or indemnified under the Transaction Documents and (C) the fees or other remuneration and indemnity payments (if any) payable to the Security Trustee and any Appointee of the Security Trustee and any costs, charges, liabilities and expenses incurred by it for which it is entitled to be reimbursed or indemnified under the Trust Deed or the other Transaction Documents;
- (ii) *second*, in or towards satisfaction, on a *pro rata* and *pari passu* basis of the fees or other remuneration and indemnity payments (if any) then due and payable to (A) the relevant Agents under the Agency and Account Bank Agreement, and (B) the Corporate Servicer under the Corporate Administration Agreement, in each case, including any costs, charges, liabilities and expenses incurred by it;
- (iii) *third*, in or towards satisfaction, on a *pro rata* and *pari passu* basis, according to the respective amounts due, of the fees then due and payable to (i) the Issuer’s independent auditors in connection with the services provided to it by such auditors and (ii) the Issuer’s other advisors, including legal and tax advisors in connection with the services provided to it by such advisors;
- (iv) *fourth*, in or towards satisfaction, on a *pro rata* and *pari passu* basis, according to the respective amounts due, of all interest and all amounts of principal due and payable in respect of the Notes;
- (v) *fifth*, to the extent not paid or provided for under paragraphs (i) to (iii) (inclusive), in or towards satisfaction, on a *pro rata* and *pari passu* basis, according to the respective amounts due, of any amounts due and payable pursuant to and in accordance with any Transaction Document (other than to the New VM Facilities Borrower under the New VM Facilities Agreement); and
- (vi) *sixth*, any surplus to the Issuer (or to the New VM Facilities Borrower, on behalf of the Issuer, in accordance with the New VM Facilities Agreement).

#### 4. Covenants

The Issuer has given certain covenants to the Notes Trustee and the Security Trustee pursuant to the Trust Deed. In particular, except with the prior written consent of the Notes Trustee and the Security Trustee or as expressly provided in these Conditions or any of the other Transaction Documents, the Issuer shall not, so long as any Note remains outstanding:

##### *Negative Pledge*

- (a) create or permit to subsist any security interest over the whole or any part of its present or future assets, revenues or undertaking, except for Permitted Encumbrances;

##### *Restrictions on Activities*

- (b) carry on any business other than as contemplated by the Transaction Documents and, in respect of that business, shall not engage in any activity or do anything whatsoever except that the Issuer shall be entitled to:
  - (i) enter into the Transaction Documents to which it is a party and preserve, exercise and/or enforce any of its rights and perform and observe its obligations under and pursuant to the Transaction Documents to which it is a party and under any modifications, supplements or additions thereto;
  - (ii) engage in activities relating to the offering, sale and issuance of the Notes (including any Further Notes) and the lending or otherwise advancing the proceeds thereof, or proceeds received pursuant to the Issue Date Arrangements Agreement, to the VM Group and any other activities in connection therewith;
  - (iii) engage in those activities undertaken as investments in the loans under the New VM Facilities Agreement or cash and cash equivalents for purposes of assuring the servicing or timely distribution of proceeds to Noteholders or related or incidental to purchasing or otherwise acquiring or holding Assigned Receivables or loans under the New VM Facilities Agreement;
  - (iv) perform any act, incidental to or necessary in connection with any of the above; and

- (v) engage in those activities directly related or incidental to its continued existence and proper management; *provided, however*, that the Issuer shall not hold any assets other than Assigned Receivables, loans under the New VM Facilities Agreement or cash or cash equivalents for the purposes described in (iii) above;

#### *Enforceability of the Notes Security Documents*

- (c) take any steps as a result of which the validity or effectiveness or enforceability of the Notes Security Documents shall be affected or otherwise impaired in any material respect or the priority of the security given under or pursuant to the Notes Security Documents shall be amended, terminated, postponed or discharged, except (i) for Permitted Encumbrances, (ii) at redemption or satisfaction and discharge of the Notes in accordance with the provisions of these Conditions and the Trust Deed or (iii) as otherwise expressly permitted by the provisions of these Conditions, the Trust Deed and the other Notes Security Documents;

#### *Disposal of Assets*

- (d) dispose of the Notes Collateral or any part thereof without the consent of the Notes Trustee or the Security Trustee, as applicable, except (i) in connection with the incurrence of a Permitted Encumbrance, (ii) to facilitate or in connection with a Redemption Block Assignment (as defined below), or (iii) otherwise in accordance with the express provisions of these Conditions, the Trust Deed or any other Transaction Document to which it is a party; *provided*, for the avoidance of doubt, that the Notes Trustee or the Security Trustee, as applicable, may dispose of the Notes Collateral following the delivery of an Enforcement Notice in accordance with these Conditions and the Trust Deed;

#### *Indebtedness*

- (e) create, incur or permit to subsist any indebtedness or give any guarantee or indemnity in respect of indebtedness or of any other obligation of any person, other than the Notes, Further Notes, or any obligation to make payments under the New VM Facilities Agreement;

#### *Dividends, Distributions and Shares*

- (f) pay any dividend or make any other distribution to its shareholders or issue any further shares, other than to the Share Trustee on or prior to the date of the Trust Deed, or otherwise in accordance with the terms of the Transaction Documents to which the Issuer is party;

#### *Subsidiaries, Employees and Premises*

- (g) have or form or cause to be formed, any subsidiaries or subsidiary undertakings of any other nature or have any employees or premises;

#### *Merger*

- (h) amalgamate, consolidate or merge with any other person or transfer its assets, revenues or undertaking to any other person, except (i) in connection with the incurrence of a Permitted Encumbrance, (ii) pursuant to an Enforcement Action following the delivery of an Enforcement Notice in accordance with these Conditions and the Trust Deed or (iii) otherwise in accordance with the express provisions of these Conditions, the Trust Deed or any other Transaction Document to which it is a party;

#### *Bank Accounts*

- (i) have an interest in any bank account other than the Issuer Profit Account and the Issuer Transaction Accounts, unless that account or interest is charged to the Security Trustee on terms acceptable to the Security Trustee;

#### *Separateness*

- (j) permit or consent to any of the following occurring:
  - (i) its books and records being maintained with or commingled with those of any other person or entity;
  - (ii) its bank accounts and the debts represented thereby being commingled with those of any other person or entity;



(iii) its assets or revenues being commingled with those of any other person or entity; or  
(iv) its business being conducted other than in its own name,  
and, in addition and without limitation to the above, the Issuer shall or shall procure that, with respect to itself:

- (A) separate financial statements in relation to its financial affairs to be maintained;
- (B) all corporate formalities with respect to its affairs to be observed;
- (C) separate stationery, invoices and cheques to be used; and
- (D) it always holds itself out as a separate entity.

#### *Tax Residence*

- (k) it shall not become tax resident in any country outside Ireland; and
- (l) it shall not elect to be treated as other than a corporation for U.S. federal income tax purposes; In addition, pursuant to the Trust Deed the Issuer has undertaken to the Security Trustee that:

#### *COMI*

- (m) it shall (i) maintain its registered office in the jurisdiction of its incorporation and (ii) maintain its “centre of main interests” for the purposes of the Insolvency Regulation in Ireland; and

#### *Establishment*

- (n) it shall not maintain an “establishment” (as that expression is used in the Insolvency Regulation) in any jurisdiction other than Ireland.

### **5. Interest**

#### *Period of Accrual*

- (a) Interest on Notes will accrue from the Issue Date. Interest will accrue: (i) in the case of the first interest period, in respect of the period commencing on (and including) the Issue Date, and ending on (but excluding) the Interest Payment Date falling on March 15, 2017, and (ii) in the case of each subsequent interest period, in respect of each period commencing on (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date (each such period, an “**Interest Period**”). Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.
- (b) The Notes shall cease to bear interest from and including the due date for redemption, unless, upon due presentation of the Notes to be redeemed, payment of the relevant amount of principal or any part of it is not made when due or is otherwise improperly withheld or refused. In that event, the Notes shall continue to bear interest in accordance with this Condition 5 (*Interest*) (both before and after judgment) until whichever is the earlier of (A) the day on which all sums due in respect of such Notes up to (but excluding) that day are received by or on behalf of the relevant Noteholder(s) and (B) the seventh day after the Trustee or the Paying Agent has notified the Noteholders in accordance with Condition 19 (*Notices and Information*) that such payment will be made in respect of all such Notes up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant Noteholders under these Conditions).

#### *Interest Payment Dates and Interest Periods*

- (c) Interest on the Notes is payable semi-annually in arrear on each Interest Payment Date in respect of the Interest Period ending on (but excluding) that Interest Payment Date.

#### *Rate of Interest*

- (d) Interest on the Notes will accrue at the rate of        % per annum.

## 6. Redemption, Purchase and Cancellation; Approved Exchange Offer

### *Final Redemption*

- (a) Subject to Condition 6(m) (*Redemption, Purchase and Cancellation; Approved Exchange Offer— Limited Recourse*), unless previously redeemed in full and cancelled, the Notes will be redeemed at their principal amount on the Maturity Date (or, following the occurrence of an Accelerated Maturity Event, at the Accelerated Redemption Price or the New Maturity Date) together with interest and other amounts (if any) accrued to the initial Maturity Date or the New Maturity Date, as applicable. The date on which the Notes are redeemed in full may be earlier than the initial Maturity Date. The Issuer may not redeem any of the Notes in whole or in part prior to that date except as provided in this Condition 6 (*Redemption, Purchase and Cancellation; Approved Exchange Offer*), but without prejudice to Condition 8 (*Prescription*). At least two Business Days prior to the date of such final redemption of the Notes, any and all Assigned Receivables shall be repaid or prepaid by the Obligor.

### *Early Redemption: Tax Event*

- (b) The Issuer will give notice to the New VM Facilities Borrower in the event that a Tax Event has occurred or will occur and despite using all reasonable endeavours to mitigate the effects of the occurrence of such Tax Event, it has been unable to do so. In the event that all amounts lent to the New VM Facilities Borrower under the New VM Facilities Agreement are repaid to the Issuer pursuant to Clause 7.2(a) (*Voluntary Prepayment*) of the New VM Facilities Agreement, the Issuer will redeem all, but not some only, of the Notes specified in the notice referred to in paragraph (i) below at the principal amount of such Notes together with interest and other amounts (including Additional Amounts), if any, accrued to the applicable redemption date;

*provided* in all cases that:

- (i) the Issuer has given not more than 60 nor less than 10 days' notice of redemption to the Notes Trustee and the Noteholders in accordance with Condition 19 (*Notices and Information*);
- (ii) any and all Assigned Receivables are repaid or prepaid by the Obligor prior to the date of such redemption, or to the extent any Assigned Receivables will not be repaid or prepaid by the Obligor prior to the date of such redemption (the "**Remaining Assigned Receivables**"), the Issuer shall have assigned or agreed to assign (the "**Redemption Block Assignment**") its right, title and interest in the Remaining Assigned Receivables to any person (which, for the avoidance of doubt, can be a special purpose vehicle) and the Issuer shall have received payment for the Redemption Block Assignment of the Remaining Assigned Receivables prior to the date of such redemption;
- (iii) all amounts lent to the New VM Facilities Borrower under the New VM Facilities Agreement are repaid to the Issuer prior to the date of such redemption; and
- (iv) before giving the notice referred to in paragraph (i) above, the Issuer has delivered to the Notes Trustee an Officer's Certificate (upon which the Notes Trustee shall be entitled to absolutely rely without further enquiry) to the effect that it will have available, not subject to the interest of any other person, the funds (the "**Tax Event Sufficient Funds**") required to discharge in full all amounts payable to the Noteholders on redemption of the Notes. For the avoidance of doubt, the Tax Event Sufficient Funds may include amounts to be repaid or prepaid under (ii) and (iii) above as well as any amounts due to the Issuer under the New VM Facilities Agreement and the Expenses Agreement.

### *Early Redemption: Illegality*

- (c) The Issuer will redeem all, but not some only, of the Notes specified in the notice referred to in paragraph (i) below at the principal amount of such Notes together with interest and other amounts (including Additional Amounts), if any, accrued to the applicable redemption date if at any time it becomes unlawful in any applicable jurisdiction for the Issuer to be a lender or to perform any of its obligations under the New VM Facilities Agreement, *provided that*:
- (i) the Issuer has given not more than 60 nor less than 10 days' notice of redemption to the Notes Trustee and the Noteholders in accordance with Condition 19 (*Notices and Information*);
  - (ii) any and all Assigned Receivables are repaid or prepaid by the relevant Obligor prior to the date of such redemption, or to the extent there are or will be Remaining Assigned Receivables prior to the date of redemption, the Issuer shall have completed or agreed to complete a Redemption Block Assignment

of its right, title and interest in the Remaining Assigned Receivables to any person (which, for the avoidance of doubt, can be a special purpose vehicle) and the Issuer shall have received payment for the Redemption Block Assignment of the Remaining Assigned Receivables prior to the date of such redemption;

- (iii) all amounts lent to the New VM Facilities Borrower under the New VM Facilities Agreement are repaid to the Issuer prior to the date of such redemption; and
- (iv) before giving the notice referred to in paragraph (i) above, the Issuer has delivered to the Notes Trustee an Officer's Certificate (upon which the Notes Trustee shall be entitled to absolutely rely without further enquiry) to the effect that it will have available, not subject to the interest of any other person, the funds required (the "**Illegality Sufficient Funds**") to discharge in full all amounts payable to the Noteholders on redemption of the Notes. For the avoidance of doubt, the Illegality Sufficient Funds may include amounts to be repaid or prepaid under (ii) and (iii) above as well as any amounts due to the Issuer under the New VM Facilities Agreement and the Expenses Agreement.

#### *Early Make-Whole Redemption Event*

- (d) In the event that all amounts lent to the New VM Facilities Borrower under the New VM Facilities Agreement are repaid to the Issuer at any time prior to September 15, 2019 pursuant to Clause 7.2(b) (*Voluntary Prepayment*) of the New VM Facilities Agreement, the Issuer will redeem all, but not some only, of the Notes, at the principal amount of such Notes plus the Applicable Premium, together with interest and other amounts (including Additional Amounts), if any, accrued, to the applicable redemption date, *provided that*:
  - (i) the Issuer has given not more than 60 nor less than 10 days' notice of redemption to the Notes Trustee and the Noteholders in accordance with Condition 19 (*Notices and Information*);
  - (ii) any and all Assigned Receivables are repaid or prepaid by the relevant Obligors prior to the date of such redemption, or to the extent there are or will be Remaining Assigned Receivables prior to the date of redemption, the Issuer shall have completed or agreed to complete a Redemption Block Assignment of its right, title and interest in the Remaining Assigned Receivables to any person (which, for the avoidance of doubt, can be a special purpose vehicle) and the Issuer shall have received payment for the Redemption Block Assignment of the Remaining Assigned Receivables prior to the date of such redemption;
  - (iii) all amounts lent to the New VM Facilities Borrower under the New VM Facilities Agreement are repaid to the Issuer prior to the date of such redemption; and
  - (iv) before giving the notice referred to in paragraph (i) above, the Issuer has delivered to the Notes Trustee an Officer's Certificate (upon which the Notes Trustee shall be entitled to absolutely rely without further enquiry) to the effect that it will have available, not subject to the interest of any other person, the funds required (the "**Make-Whole Sufficient Funds**") to discharge in full all amounts payable to the Noteholders on redemption of the Notes. For the avoidance of doubt, the Make-Whole Sufficient Funds may include amounts to be repaid or prepaid under (ii) and (iii) above as well as any amounts due to the Issuer under the New VM Facilities Agreement and the Expenses Agreement.

#### *Early Redemption Event on or after September 15, 2019*

- (e) In the event that all amounts lent to the New VM Facilities Borrower under the New VM Facilities Agreement are repaid to the Issuer at any time on or after September 15, 2019 pursuant to Clause 7.2(b) (*Voluntary Prepayment*) of the New VM Facilities Agreement, the Issuer will redeem all, but not some only, of the Notes, at the following redemption prices (expressed as a percentage of the principal amount of such Notes), together with interest and other amounts (including Additional Amounts), if any, accrued, to the applicable redemption date, if redeemed during the twelve month period commencing on September 15 of the years set out below:

	<u>Redemption Price</u>
2019 .....	%
2020 .....	%
2021 .....	%
2022 and thereafter .....	100.000%

*provided that:*

- (i) the Issuer has given not more than 60 nor less than 10 days' notice of redemption to the Notes Trustee and the Noteholders in accordance with Condition 19 (*Notices and Information*);
- (ii) any and all Assigned Receivables are repaid or prepaid by the relevant Obligor prior to the date of such redemption, or to the extent there are or will be Remaining Assigned Receivables prior to the date of redemption, the Issuer shall have completed or agreed to complete a Redemption Block Assignment of its right, title and interest in the Remaining Assigned Receivables to any person (which, for the avoidance of doubt, can be a special purpose vehicle) and the Issuer shall have received payment for the Redemption Block Assignment of the Remaining Assigned Receivables prior to the date of such redemption;
- (iii) all amounts lent to the New VM Facilities Borrower under the New VM Facilities Agreement are repaid to the Issuer prior to the date of such redemption; and
- (iv) before giving the notice referred to in paragraph (i) above, the Issuer has delivered to the Notes Trustee an Officer's Certificate (upon which the Notes Trustee shall be entitled to absolutely rely without further enquiry) to the effect that it will have available, not subject to the interest of any other person, the funds required (the "**Callable Period Sufficient Funds**") to discharge in full all amounts payable to the Noteholders on redemption of the Notes. For the avoidance of doubt, the Callable Period Sufficient Funds may include amounts to be repaid or prepaid under (ii) and (iii) above as well as any amounts due to the Issuer under the New VM Facilities Agreement and the Expenses Agreement.

#### *Accelerated Maturity Event*

- (f) Within 15 days of receiving a VM Change of Control Prepayment Offer from the New VM Facilities Borrower under the New VM Facilities Agreement, the Issuer shall notify the Noteholders in accordance with Condition 19 (*Notices and Information*) that a VM Change of Control Event has occurred or will occur under the New VM Facilities Agreement, and solicit the consent of the Noteholders (the "**Maturity Consent Solicitation**") to set (i) the Maturity Date of the Notes as the New Maturity Date and (ii) the redemption price of the Notes on the New Maturity Date at 101% of the principal amount of the Notes (the "**Accelerated Redemption Price**"), plus accrued and unpaid interest and Additional Amounts (if any), to the New Maturity Date.
- (g) If Noteholders of more than 50% in the aggregate principal amount of the Notes consent to the terms set out in the Maturity Consent Solicitation (an "**Accelerated Maturity Event**"), the Issuer shall:
  - (i) promptly notify the New VM Facilities Borrower that the Issuer accepts the VM Change of Control Prepayment Offer;
  - (ii) amend the Transaction Documents and the Notes Trustee shall concur (without seeking further consent of the Noteholders and subject to receiving an Officer's Certificate or Opinion of Counsel in accordance with the Trust Deed, upon which Officer's Certificate or Opinion of Counsel the Notes Trustee may rely absolutely and without further enquiry), as necessary, to reflect the New Maturity Date and the Accelerated Redemption Price; and
  - (iii) redeem all of the Notes on the New Maturity Date at the Accelerated Redemption Price, plus accrued and unpaid interest and Additional Amounts (if any) to the New Maturity Date;

*provided that*, notwithstanding anything herein to the contrary, the consent of the Noteholders shall be validly given if made in accordance with the terms and conditions of the Maturity Consent Solicitation, and need not comply with Schedule D (*Provisions for Meetings of the Noteholders*) of the Trust Deed or any other provisions of the Trust Deed and these Conditions relating to an Extraordinary Resolution.

- (h) If the Issuer does not receive the consent of more than 50% in the aggregate principal amount of the Notes to the terms set out in the Maturity Consent Solicitation, the Issuer will promptly notify the New VM Facilities Borrower that it rejects the VM Change of Control Prepayment Offer.

#### *Notice of Redemption Irrevocable*

- (i) Once a notice of redemption is mailed or delivered, Notes called for redemption become irrevocably due and payable on the specified redemption date at the redemption price; *provided, however*, that a notice of redemption may be conditional.

### *Approved Exchange Offer*

- (j) In order to extend the availability of the committed financing for the purchase of VM Accounts Receivable represented by the Committed Principal Proceeds beyond the Maturity Date of the Notes, VMIH may, at any time, enter into an exchange offer and payables financing plan agreement (a “**Plan Agreement**”) with a new entity (a “**New Issuer**”). Pursuant to any such Plan Agreement, the New Issuer will procure from VMIH a commitment to cancel amounts of the New VM Facilities as set forth below, and will enter into agreements with VMIH, the Platform Provider, the Notes Trustee and other relevant counterparties providing for the New Issuer’s purchase of VM Accounts Receivable on terms and conditions substantially similar to the Transaction Documents. Defined terms used in paragraphs (j) and (k) of this Condition 6 (*Redemption, Purchase and Cancellation; Approved Exchange Offer*) and not defined in Condition 1 (*Definitions and Principles of Construction—General Interpretation*) are defined and further described above under *Overview of the Structure of the Offering of the Notes*.
- (k) Promptly after entering into the Plan Agreement, the New Issuer will launch an exchange offer (the “**Approved Exchange Offer**”) designed to allow holders of Notes to exchange up to a specified principal amount of Notes for a principal amount of new Notes (the “**New Notes**”) to be set out in the Approved Exchange Offer. Upon consummation of the Approved Exchange Offer, subject to the terms of the Trust Deed:
- (i) The New Issuer will issue a specified amount of New Notes to the holders of Notes validly tendered into the Approved Exchange Offer and not withdrawn. If, upon the expiration of the Approved Exchange Offer, holders of Notes have validly tendered more Notes than the New Issuer is able to accept pursuant to the Approved Exchange Offer, the New Issuer will accept for exchange Notes validly tendered and not withdrawn on a pro rata basis, based on the proportion that the aggregate principal amount of Notes to be accepted bears to the aggregate principal amount of Notes validly tendered and not withdrawn;
  - (ii) The Issuer will purchase from the New Issuer any Notes accepted by the New Issuer pursuant to the Approved Exchange Offer and will cancel such purchased Notes. As consideration for such purchase, the Issuer will simultaneously pay, assign and transfer to the New Issuer:
    - (A) Assigned Receivables such that (a) minus (b) is equal to or less than (c) plus (d); where (a) is the Committed Principal Proceeds multiplied by the Relevant Percentage, where “**Relevant Percentage**” means the proportion that the aggregate principal amount of Notes accepted into the Approved Exchange Offer bears to the aggregate principal amount of Notes outstanding as of the date of consummation of the Approved Exchange Offer (the “**Determination Date**”), (b) is the aggregate historical Purchase Price Amount of such Assigned Receivables assigned to the New Issuer pursuant to this clause (A), (c) is the balance of Excess Cash Loans outstanding on the Determination Date, and (d) any Interim Platform Amounts to be credited to the Issuer on the Determination Date. The Assigned Receivables to be assigned to the New Issuer pursuant to this clause (A) will be selected by an independent financial, banking, accounting or other similar advisor designated by VMIH, the Issuer or the Administrator on behalf of the Issuer with a mandate to maximise the aggregate Purchase Price Amount of the transferred Assigned Receivables whilst ensuring that they have the shortest maturities possible. Assigned Receivables will only be assigned and transferred to the New Issuer pursuant to this clause (A) in whole, and not in part;
    - (B) The cash proceeds from the repayment of Interest Facility Loans (to be demanded by the Issuer or the Administrator on behalf of the Issuer) in an amount equal to (a) minus (b) minus (c); where (a) is the Initial Interest Reserve Amount (as reduced by any previous Approved Exchange Offers pursuant to this clause or other redemptions of the Notes) multiplied by the Relevant Percentage, (b) is the accrued and unpaid interest that remained outstanding on the Assigned Receivables assigned pursuant to clause (A) above as of the immediately preceding Interest Payment Date, and (c) is any accrued and unpaid Retained Amount Interest that remained outstanding as of the Determination Date in respect of the Retained Amounts to be transferred to the New Issuer pursuant to clause (D) below, as applicable;
    - (C) The cash proceeds from the repayment of Excess Cash Loans (to be demanded by the Issuer or the Administrator on behalf of the Issuer) in an amount equal to (a) minus (b) minus (c), where (a) is the Committed Principal Proceeds multiplied by the Relevant Percentage, (b) is the aggregate Purchase Price Amounts of Assigned Receivables assigned to the New Issuer pursuant to clause (A) above, and (c) is any Interim Platform Amounts to be credited to the Issuer on the Determination Date;



- (D) The cash proceeds from the payment by the Platform Provider to the Issuer on the Determination Date of any Retained Amounts and any other Interim Platform Amounts; and
- (E) An “Accrued Facility Interest and Shortfall Amount” equal to (a) minus (b) minus (c) minus (d) minus (e), where (a) is the aggregate principal amount of Notes tendered into the Approved Exchange Offer, (b) is the aggregate Purchase Price Amounts of the Assigned Receivables assigned pursuant to clause (A) above *plus* accrued and unpaid interest thereon through the Determination Date, (c) is the amount of cash proceeds set out in clause (B) above, (d) is the amount of cash proceeds set out in clause (C) above and (e) is the amount of cash proceeds set out in clause (D) above. The Issuer will demand repayment of Excess Cash Loans in an amount equal to any Accrued Facility Interest and Shortfall Amount in order to make such payment.

#### *Cancellation*

- (l) All Notes redeemed under this Condition 6 (*Redemption, Purchase and Cancellation; Approved Exchange Offer*) or otherwise surrendered under Condition 18 (*Replacement of Notes*) will be cancelled upon redemption or surrender and may not be resold or re-issued.

#### *Limited Recourse*

- (m) Notwithstanding any other provision of these Conditions or the other Transaction Documents:
  - (i) the Noteholders will only have recourse in respect of any amount, claim or obligation due or owing under the Notes by the Issuer (the “**Claims**”) to the extent of available funds pursuant to Condition 3(f) (*Status, Priority and Security—Post-Enforcement Priority of Payments*) and subject to the provisos in such Conditions, which shall be applied by the Security Trustee subject to and in accordance with the terms thereof and after all other prior ranking claims in respect thereof have been satisfied and discharged in full;
  - (ii) following the application of funds following enforcement of the security interests created under the Trust Deed and any other Notes Security Documents, subject to and in accordance with Condition 3(f) (*Status, Priority and Security—Post-Enforcement Priority of Payments*), the Issuer will have no assets available for payment of its obligations under the Notes, the Trust Deed and the other Transaction Documents other than as provided for pursuant to the Trust Deed, and that the Claims of the Noteholders will accordingly be extinguished to the extent of any shortfall (and the Notes shall be surrendered in accordance with Condition 7 (*Payments*) and cancelled in accordance with Condition 6 (l) (*Redemption, Purchase and Cancellation; Approved Exchange Offer—Cancellation*); and
  - (iii) the respective obligations of the Issuer under the Notes, the Trust Deed, and the other Transaction Documents will not be obligations or responsibilities of, or guaranteed by, any other person or entity.

## **7. Payments**

#### *Payment of Principal, Interest and Other Amounts*

- (a) Payments to Noteholders shall be made ratably among the Noteholders in the proportion that the aggregate principal amount of the Notes registered in the name of each such Noteholder on the applicable Record Date bears to the aggregate principal amount outstanding of all Notes on such Record Date.
- (b) All reductions in the principal amount of a Note (or one or more predecessor Notes) effected by payments of instalments of principal made on any Interest Payment Date on which a Note is redeemed shall be binding upon all future holders of such Note and of any Note issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof, whether or not such payment is noted on such Note.
- (c) Subject to the foregoing, each Note delivered under the Trust Deed, and upon registration of transfer of or in exchange for or in lieu of any other Note, shall carry the rights to unpaid interest and principal (or other applicable amount) that were carried by such other Note.

#### *Currency of Payment*

- (d) Payments in respect of the Notes will be made in pounds sterling.

*Payments subject to the Trust Deed and all Fiscal Laws*

- (e) Payments of principal, interest and other amounts (if any) in respect of the Notes are subject in all cases to the Priorities of Payments and the Trust Deed and to any fiscal or other laws and regulations applicable thereto.

*Payment of Interest on Withheld Amounts*

- (f) If payment of principal on or in respect of any Note or part thereof is not made when due or is otherwise improperly withheld or refused, the interest which continues to accrue in respect of such Note in accordance with Condition 5(a) (*Interest—Period of Accrual*) will become due and payable on the date on which the payment of such principal is paid.

*Paying Agents*

- (g) The initial Paying Agent and its specified office is set out at the end of these Conditions. The Issuer reserves the right, subject to the prior written approval of the Notes Trustee, at any time to vary or terminate the appointment of the Paying Agent and to appoint additional or other paying agents. Upon being notified of the same by the relevant Agent, the Issuer shall promptly give notice of any change in an Agent's specified office to the Noteholders in accordance with Condition 19 (*Notices and Information*).

*Payments on Business Days*

- (h) If any Note is presented for payment on a day which is not a Business Day in the place of presentation, then the holder shall not be entitled to payment in such place until the next succeeding Business Day in such place and no further payment or additional amount by way of interest, principal or otherwise shall be due in respect of such Note.

*Entitlement to Payments*

- (i) Payments on the Notes will be made to the person in whose name the Note is registered on the Record Date. Payments on interests in notes not in global form will be made in pounds sterling by wire transfer, in accordance with the information on the Register, in immediately available funds to the Noteholder, *provided that* wiring instructions have been provided to the Paying Agent on or before the related Record Date. Final payments in respect of principal on the Notes will be made only against surrender of the Notes at the office of the Paying Agent.
- (j) Payments on any Global Notes will be made by the Issuer to the Paying Agent. The Paying Agent will, in turn, make such payments to the common depository for Euroclear and/or Clearstream which will distribute such payments to participants in accordance with their respective procedures. None of the Issuer, the Notes Trustee, the Paying Agent, the Registrar or the Transfer Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in Global Notes or for maintaining, supervising or reviewing any records relating to the beneficial ownership interests. The Issuer also expects that payments by participants to owners of beneficial interests in a Global Note held through the participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for the customers. The payments will be the responsibility of the participants.

## **8. Prescription**

*General*

- (a) After the date on which a Note becomes void in its entirety, no claim may be made in respect of it.

*Principal*

- (b) Claims for payment of principal or Additional Amounts, if any, in respect of Notes shall become void unless the relevant Note(s) are presented or surrendered for payment within ten years of the Relevant Date. Any funds deposited with the Notes Trustee or the Paying Agent for the payment of principal remaining unclaimed for ten years after such principal has become due and payable shall be paid to the Issuer pursuant to the Trust Deed; and the holder of a Note shall thereafter, as an unsecured general creditor, look only to the Issuer for payment of such amounts and all liability of the Notes Trustee and the Paying Agent with respect to such trust funds shall thereupon cease.

As used herein, “**Relevant Date**” means whichever is the later of (i) the date on which such payment first becomes due and (ii) if the full amount payable has not been received by the Paying Agent or the Notes Trustee on or prior to such due date, the date on which, the full amount plus any accrued interest having been so received, notice to that effect shall have been given to the Noteholders in accordance with Condition 19 (*Notices and Information*).

#### *Interest*

- (c) Claims for interest in respect of Notes shall become void unless the relevant Note(s) is presented or surrendered for payment within five years of the Relevant Date. Any funds deposited with the Notes Trustee or the Paying Agent for the payment of interest remaining unclaimed for five years after such principal or interest has become due and payable shall be paid to the Issuer pursuant to the Trust Deed; and the holder of a Note shall thereafter, as an unsecured general creditor, look only to the Issuer for payment of such amounts and all liability of the Notes Trustee and the Paying Agent with respect to such trust funds shall thereupon cease.

### **9. Taxation**

#### *Gross Up for Deduction or Withholding*

- (a) Subject to the proviso below, all payments of principal, premium, if any, and interest in respect of the Notes shall be made free and clear of, and without withholding or deduction for, or on account of, taxes unless such withholding or deduction is 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:
  - (i) the government of Ireland or any political subdivision or governmental authority thereof or therein having power to tax;
  - (ii) 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
  - (iii) any other jurisdiction in which a Payor (as defined below) 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 (i), (ii) and (iii), a “**Relevant Taxing Jurisdiction**”),

the Issuer or any successor thereto (a “**Payor**”) shall pay such additional amounts (the “**Additional Amounts**”) as will result in the receipt by the Noteholders of such amounts as would have been received by them if no such withholding or deduction had been required but only to the extent and only at such time as the Issuer receives an equivalent amount from VMIH under the Expenses Agreement. To the extent that the Issuer receives a lesser amount from VMIH, the Issuer will account to each Noteholder for an additional amount equivalent to a pro rata proportion of such amount (if any) as is actually received (after deduction or withholding of such taxes or duties as may be required to be made by the Issuer by law in respect of the Notes) by, or for the account of, the Issuer pursuant to the Expenses Agreement on the date of the payment of such amount to the Issuer, *provided that* no such Additional Amount will be payable in respect of:

- (i) any taxes that would not have been so imposed but for the existence of any present or former connection between the relevant Noteholder 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 Trust Deed or the receipt of payments in respect thereof);
- (ii) any taxes that would not have been so imposed if the Noteholder 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 Trust Deed) 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);
- (iii) 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 Noteholder (except to the extent that the holder would have been entitled to Additional Amounts had the Note been presented during such 30-day period);

- (iv) any taxes that are payable otherwise than by withholding from a payment of the principal of, premium, if any, or interest on the Notes;
- (v) any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other governmental charge;
- (vi) all United States backup withholding;
- (vii) 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
- (viii) any combination of items (i) through (vii) 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 (i) to (viii) inclusive above.

- (b) The Payor will (i) make any required withholding or deduction and (ii) 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 Notes Trustee) to each Noteholder. 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, as the case may be. Copies of such documentation will be available for inspection during ordinary business hours at the office of the Paying Agent by the Noteholders upon request.
- (c) 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 on 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 Notes Trustee an Officer's Certificate (upon which the Notes Trustee shall be entitled to absolutely rely without further enquiry) 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 Paying Agent 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 Notes Trustee shall be entitled to rely absolutely and without further enquiry on each such Officer's Certificate as conclusive proof that such payments are necessary.
- (d) Wherever mentioned in the Trust Deed, the Notes or these Conditions, in any context: (i) the payment of principal, (ii) purchase prices in connection with a purchase of Notes, (iii) interest, or (iv) 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.
- (e) 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 Notes Collateral or any other such document or instrument following the delivery of an Enforcement Notice with respect to the Notes.
- (f) The foregoing obligations will survive any termination, defeasance or discharge of the Trust Deed and the Notes 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.

## *Tax Characterisation*

- (g) The Issuer intends to treat, and the Trust Deed will provide that the Issuer and the Notes Trustee agree and each Noteholder and beneficial owner of Notes, by accepting a Note, agrees, to the extent permitted by law, to treat the Notes as debt instruments of the Issuer for U.S. federal, state and local income and franchise tax purposes. The Trust Deed will provide that each Noteholder, by accepting a Note, agrees to report all income (or loss) in accordance with such treatment and to take no action inconsistent with such treatment unless otherwise required by a law or relevant taxing authority.

## **10. Issuer Events of Default**

### *Determination of an Issuer Event of Default*

- (a) The Notes Trustee:
- (i) may in its absolute discretion; and
  - (ii) shall if it has been directed to do so:
    - (A) in writing by the holders of not less than 30 per cent. in aggregate of the principal amount outstanding of the Notes; or
    - (B) by an Extraordinary Resolution of the Noteholders,subject in each case to being indemnified and/or secured to its satisfaction, give a notice (a “**Note Acceleration Notice**”) to the Issuer declaring the Notes to be immediately due and payable at any time after the occurrence and during the continuation of any of the events specified in Condition 10(b) (*Issuer Events of Default— Events*).

### *Events*

- (b) The occurrence of any of the following events shall be an “**Issuer Event of Default**”:
- (i) default being made for a period of 30 days or more in the payment of any interest or Additional Amounts (if any) on any Notes (other than principal, for the avoidance of doubt) when due; or
  - (ii) default being made for a period of three Business Days or more in the payment of any principal of any Notes when due (at maturity, upon redemption or otherwise); or
  - (iii) the Issuer failing duly to perform or observe any other obligation binding upon it under the Notes, the Trust Deed or any of the other Transaction Documents and such failure (A) being in the opinion of the Notes Trustee (or, in the case of any Notes Security Document, the Security Trustee) incapable of remedy or (B) being a failure which is, in the opinion of the Notes Trustee (or, in the case of any Notes Security Document, the Security Trustee), capable of remedy, but which remains unremedied for a period of 60 days following the giving by the Notes Trustee (or the Security Trustee, as applicable), to the Issuer of notice requiring the same to be remedied and, in either case, *provided that*, in each case, the Notes Trustee shall have determined that such event is, in its opinion, materially prejudicial to the interests of the Noteholders; or
  - (iv) the Issuer ceasing or, through an official action of the Board of Directors of the Issuer, threatening to cease to carry on business; or
  - (v) any of the following occurs with respect to the Issuer:
    - (A) it is, or is deemed for the purposes of any law to be, unable to pay its debts as they fall due or insolvent; or
    - (B) it admits its inability to pay its debts as they fall due; or it suspends making payments on any of its debts or announces an intention to do so; or
    - (C) proceedings are initiated against the Issuer under any applicable liquidation, insolvency, bankruptcy, composition, reorganisation or other similar laws (together, “**Insolvency Law**”), or a receiver, administrative receiver, trustee, administrator, examiner, custodian, conservator, liquidator, curator or other similar official appointed in connection with any Insolvency Law or a security enforcement or related proceedings (a “**Receiver**”) is appointed in relation to the Issuer or in relation to the whole or any substantial part of the undertaking or assets of the Issuer and in any of the foregoing cases, except in relation to the appointment of a Receiver, is not discharged within 30 calendar days; or the Issuer is subject to, or initiates or consents to judicial proceedings



relating to itself under any applicable Insolvency Law, or seeks the appointment of a Receiver, or makes a conveyance or assignment for the benefit of its creditors generally or otherwise becomes subject to any reorganisation or amalgamation; or

- (D) the passing of an effective resolution or the making of an order by a court of competent jurisdiction for the winding up, liquidation or dissolution of the Issuer;
- (vi) any event occurs which under any applicable laws has an analogous effect to any of the events referred to in paragraph (v) above; or
- (vii) the Issuer Security (or any material part thereof) is repudiated or is or becomes void, illegal, invalid or unenforceable; or
- (viii) the occurrence of a VM Event of Default that is continuing.

For so long as a VM Event of Default has occurred and is continuing, no further purchases of VM Accounts Receivable shall be made by or for the account of the Issuer.

#### *Acceleration*

- (c) Upon delivery of a Note Acceleration Notice, the Notes shall immediately become due and payable at their principal amount outstanding together with accrued interest up to (but excluding) the earlier of (i) the date on which the full amount (together with accrued interest) is paid to the Noteholders and (ii) the seventh day after notice has been given to the Noteholders in accordance with Condition 19 (*Notices and Information*) that the full amount (together with accrued interest) has been received by the Paying Agent or the Notes Trustee; *provided* that upon the occurrence of an Issuer Event of Default described in clause (v) or (vi) of the definition thereof, the Note Acceleration Notice shall be deemed to have been given and all the Notes shall become immediately due and payable.

### **11. Enforcement**

#### *Instruction to Enforce*

- (a) At any time after a Note Acceleration Notice has been given (or deemed to have been given) to the Issuer, the Notes Trustee:
  - (i) may in its absolute discretion; and
  - (ii) shall if it has been directed to do so:
    - (A) in writing by the holders of not less than 30 per cent. in aggregate of the principal amount outstanding of the Notes; or
    - (B) by an Extraordinary Resolution of the Noteholders,

subject in each case to being indemnified and/or secured to its satisfaction, instruct the Security Trustee to give an Enforcement Notice to the Issuer.

#### *Enforcement Notice*

- (b) Under the terms of the Trust Deed, at any time following the service (or deemed service) of a Note Acceleration Notice on the Issuer, the Security Trustee shall if instructed by the Notes Trustee (in accordance with Condition 11(a) (*Enforcement—Instruction to Enforce*)) or pursuant to an Extraordinary Resolution of the Noteholders (in accordance with Condition 12(c) (*Noteholder Action—Exceptions*)) serve an Enforcement Notice on the Issuer declaring the security created by the Notes Security Documents to be enforceable, whereupon the security created by the Notes Security Documents shall become immediately enforceable.
- (c) Under the terms of the Trust Deed, upon receipt of any Enforcement Notice, the Issuer shall be required to promptly (and in no event more than 10 Business Days after receipt of such Enforcement Notice) deliver or cause to be delivered to the relevant Obligors an Obligor Enforcement Notification pursuant to the Framework Assignment Agreement, whereupon legal assignment of the relevant Assigned Receivables (and all related rights) will be perfected in favour of the Issuer.

## 12. Noteholder Action

### *Limit on Noteholder Action*

- (a) Subject to Condition 12(c) (*Noteholder Action—Exceptions*), no Noteholder shall be entitled to take any proceedings or other action directly against the Issuer including:
  - (i) take any corporate action or other steps or legal proceedings for the winding-up, dissolution or re-organisation or for the appointment of a receiver, administrator, administrative receiver, trustee, liquidator, sequestrator, examiner or similar officer of the Issuer or of its revenues and assets (other than as permitted by the Trust Deed); or
  - (ii) take any steps for the purpose of obtaining payment of any amounts payable to it under the Notes or any Transaction Document and shall not take any steps to recover any debts whatsoever owing to it by the Issuer (other than in accordance with the Trust Deed).

### *Recourse Against Certain Parties*

- (b) No recourse under any obligation, covenant, or agreement of the Issuer (acting in any capacity whatsoever) contained in these Conditions or any Transaction Document shall be had against any shareholder, officer, agent, employee or director of the Issuer by the enforcement of any assessment or by any proceeding, by virtue of any statute or otherwise, it being expressly agreed and understood that each Transaction Document (including these Conditions) to which the Issuer is a party is a corporate obligation of the Issuer and no personal liability shall attach to or be incurred by the shareholders, officers, agents, employees or directors of the Issuer, or any of them, under or by reason of any of the obligations, covenants or agreements of the Issuer contained in these Conditions or any such Transaction Document, or implied therefore, and that any and all personal liability for breaches by such party of any such obligations, covenants or agreements, either at law or by statute or constitution, of every such shareholder, officer, agent, employee or director is hereby expressly waived.

### *Exceptions*

- (c) If the Notes Trustee having become bound (i) to give a Note Acceleration Notice to the Issuer or (ii) to instruct the Security Trustee to give an Enforcement Notice to the Issuer, fails to do so within a reasonable time and that failure is continuing, the Noteholders by an Extraordinary Resolution may agree to (A) sign and give a Note Acceleration Notice to the Issuer in accordance with Condition 10 (*Issuer Events of Default*) and/or (B) instruct the Security Trustee to give an Enforcement Notice to the Issuer in accordance with Condition 11 (*Enforcement*).

## 13. Meeting of Noteholders

### *Convening of Meeting*

- (a) The Trust Deed contains provisions for convening meetings of Noteholders (“**Meetings**”) to consider any matter affecting their interests.

### *Excluded Notes*

- (b) The provisions for Meetings of Noteholders provide that a holder or beneficial holder of Excluded Notes shall not be entitled to attend or vote at any Meeting.

### *Powers*

- (c) A Meeting will have the power, exercisable by Extraordinary Resolution, to make certain decisions, including to approve the modification, and to authorise or waive any proposed breach or breach, of the Trust Deed, these Conditions and any other Transaction Document.

Any Basic Terms Modification affecting the Notes must be approved by an Extraordinary Resolution of the Noteholders.

### *Quorum*

- (d) The quorum at any Meeting of the Noteholders for passing an Extraordinary Resolution in respect of any matter other than a Basic Terms Modification will be two or more persons bearing a voting certificate, block voting instruction and/or Definitive Note (each, a “**Voter**”), in each case representing or holding in aggregate more than 50 per cent. of the aggregate principal amount outstanding of Notes then outstanding or at any adjourned Meeting two or more Voters representing or holding Notes, whatever the aggregate principal amount outstanding. The quorum at any Meeting of the Noteholders for passing an Extraordinary Resolution in respect of a Basic Terms Modification shall be two or more Voters representing or holding in aggregate at least 75 per cent. of the aggregate principal amount outstanding of the Notes then outstanding or at any adjourned Meeting two or more persons representing or holding at least 33 ⅓ per cent. of the aggregate principal amount outstanding of the Notes then outstanding.

So long as all of the Notes are held by a single Noteholder (including the holder of a Global Note), a single voter in relation thereto shall be deemed to be two voters for the purpose of forming a quorum.

- (e) In accordance with the Trust Deed, any Extraordinary Resolution of the Noteholders duly passed shall be binding on all Noteholders (regardless of whether or not a Noteholder was present at the meeting at which such Extraordinary Resolution) was passed.

### *Written Extraordinary Resolutions*

- (f) Any reference to an action being directed, authorised or approved by an Extraordinary Resolution of Noteholders shall be deemed to include a reference to that matter being directed, authorised or approved by a Written Extraordinary Resolution of the Noteholders. Any Written Extraordinary Resolution may be contained in one document or in several documents in like form, each signed by or on behalf of one or more relevant Noteholders and the date of such Written Extraordinary Resolution shall be the date on which the latest such document is signed.

## **14. Modification and Waiver of Breach**

### *Modification*

- (a) The Trust Deed provides that, without the consent of the Noteholders, the Issuer may amend, modify, supplement and/or waive the relevant provisions of the Trust Deed, the Conditions or any of the other Transaction Documents and the Notes Trustee and/or the Security Trustee, as applicable, shall consent to, to the extent required, (without the consent of Noteholders subject to paragraph (xv) below) such amendment, supplement, modification or waiver for any of the following purposes:
- (i) it is, in the opinion of the Issuer, not materially prejudicial to the interests of the Noteholders;
  - (ii) to, in the opinion of the Issuer, correct a manifest error, ambiguity, omission, defect or inconsistency or amendments/modifications of a formal, minor or technical nature;
  - (iii) to provide for the assumption by a substitute principal obligor of the obligations of the Issuer under the Trust Deed, and the Notes, as applicable, in accordance with Condition 15 (*Substitution of Principal Obligor*) below;
  - (iv) to evidence and provide for the acceptance and appointment of any successor Notes Trustee, Security Trustee or Agent;
  - (v) to secure the Notes (including pursuant to any additional Notes Security Documents);
  - (vi) to give effect to Permitted Encumbrances or to provide for the release of security interests over the Notes Collateral as provided by the terms of the Trust Deed and the other Transaction Documents;
  - (vii) to give effect to, or as otherwise reasonably required to allow for, the Transactions (including, without limitation, the performance by each party to the Transaction Documents of its obligations or duties contemplated thereunder, and to give effect to any SCF Platform Addition and any SCF Platform Replacement);
  - (viii) to comply with the rules of any applicable securities depository;
  - (ix) to provide for the issuance of Further Notes in accordance with the Trust Deed and the provisions of these Conditions;
  - (x) to provide for the issue of Definitive Notes;

- (xi) to conform the provisions of the Trust Deed or any other Transaction Document to the Offering Circular;
  - (xii) to comply with or implement the Securitisation Regulation;
  - (xiii) to make any changes necessary to prevent the Issuer from becoming an investment company or being required to register as an investment company under the Investment Company Act;
  - (xiv) to add to the covenants of the Issuer for the benefit of the Noteholders;
  - (xv) if it is necessary to modify the restrictions on and procedures for resales and other transfers of Notes to reflect any changes in ERISA or other applicable law or regulation (or the interpretation thereof) or to enable the Issuer to rely upon any exemption from registration under the Securities Act or the Investment Company Act or to remove restrictions on resale and transfer to the extent not required by the Trust Deed; *provided that*, if the interests of the Noteholders would, in the opinion of the Issuer, be materially and adversely affected by such modification, the requisite level of consent to such modification has been obtained from the Noteholders by Extraordinary Resolution;
  - (xvi) to take any action advisable to prevent the Issuer from being treated as resident in the UK for UK tax purposes or as trading in the UK for UK tax purposes;
  - (xvii) to take any action advisable to prevent the Issuer from being treated as engaged in a United States trade or business or otherwise be subject to United States federal, state or local income tax on a net income basis;
  - (xviii) to make any amendments to the Trust Deed or any other Transaction Document to enable the Issuer to comply with FATCA; or
  - (xix) to make any Margin Amendment, so long as the obligations of the New VM Facilities Borrower in favour of the Issuer under Clause 11.2 (*Facility Fees*) of the New VM Facilities Agreement remain in full force and effect.
- (b) Any such modification, amendment, supplement or waiver shall be binding on the Noteholders. For the avoidance of doubt, the Notes Trustee and/or the Security Trustee, as applicable, shall, without the consent or sanction of any of the Noteholders or any other Secured Party, concur with the Issuer in making any such modification, amendment, waiver or authorisation for which the Issuer has delivered an Officer's Certificate or Opinion of Counsel in compliance with Clause 27.4 (*Waiver, Determination and Modification—Notes Trustee and/or Security Trustee to Sign Amendments, etc.*) of the Trust Deed, upon which Officer's Certificate and/or Opinion of Counsel the Notes Trustee and/or the Security Trustee, as applicable, shall rely absolutely and without enquiry.
- (c) The Notes Trustee and/or the Security Trustee, as applicable, will sign any amended or supplemental trust deed, waivers, or other modifications to any Transaction Document authorized pursuant to this Trust Deed and the Conditions, if the amendment, supplement, waiver or such modification does not adversely affect the rights, duties, liabilities or immunities of the Notes Trustee and/or the Security Trustee, as applicable; *provided that* the Notes Trustee and/or Security Trustee, as applicable, shall not be obliged to agree to any modification which, in the opinion of the Notes Trustee and/or Security Trustee, as applicable, would have the effect of breaching any duty at law or fiduciary duty of the Notes Trustee and/or the Security Trustee, as applicable, or would have the effect of exposing the Notes Trustee and/or Security Trustee, as applicable, to any liability against which it has not been indemnified and/or secured to its satisfaction or decreasing the rights, indemnifications and protections of the Notes Trustee and/or Security Trustee, as applicable, in respect of the Transaction Documents.

#### *Waiver of Breach*

- (d) Subject as provided below, the Notes Trustee may also, without the consent of the Noteholders if in its opinion it will not be materially prejudicial to the interests of the Noteholders:
- (i) authorise or waive, on any terms and subject to any conditions which it considers appropriate, any proposed breach or breach of the Trust Deed, these Conditions or any other Transaction Document; or
  - (ii) determine that any event that would otherwise constitute an Issuer Event of Default or Potential Event of Default shall not, or shall not subject to any conditions which it considers appropriate, be treated as such for the purposes of the Trust Deed and these Conditions.

The Notes Trustee shall not exercise any powers conferred on it by this Condition 14(d) (*Modification and Waiver of Breach—Waiver of Breach*) in contravention of any direction given to it in accordance with Condition 10(a) (Issuer Events of Default—Determination of an Issuer Event of Default) or Condition 11(a) (Enforcement—Instruction to Enforce).

#### *Notice*

- (e) Unless the Notes Trustee otherwise agrees, the Issuer shall give notice of (i) any modification, amendment, supplement, waiver, authorisation or determination which has been made with requisite Noteholder consent (as set out in Clause 27.3 (*Modification with Noteholders' Consent*) of the Trust Deed); and (ii) any other material modification, amendment, supplement, waiver, authorisation or determination to the Noteholders in accordance with Condition 19 (*Notices and Information*) and the Trust Deed.

#### *Direction*

- (f) In the event that the Issuer, as lender under the New VM Facilities Agreement, is eligible or required to vote, give notice, instruct or otherwise consent (including with respect to any enforcement decision) with respect to any matter arising from time to time under the New VM Facilities Agreement that is not otherwise provided for under the Transaction Documents or separately set forth in this Condition 14 (*Modification and Waiver of Breach*), the Issuer shall vote, give notice or otherwise provide or withhold any consent or instruction as directed by Extraordinary Resolution. If applicable, the Issuer shall solicit any such vote, consent or instruction from Noteholders.

### **15. Substitution of Principal Obligor**

The Trust Deed contains provisions permitting the Notes Trustee, without the consent of the Noteholders but subject to such amendment of the Trust Deed and such other conditions as the Notes Trustee may require, to agree to (i) the substitution pursuant to the Conditions and the Trust Deed in place of the Issuer (or of any previous substitute) of another entity as principal debtor in respect of the Trust Deed and the Notes and/or (ii) to a change of the law governing the Trust Deed, the Notes and/or any other Transaction Document if, in each case, such change would not, in the Notes Trustee's opinion, be materially prejudicial to the interests of the Noteholders. Any such entity shall be a newly formed single purpose company which, among other things, undertakes to be bound by the Trust Deed, the Notes and the other Transaction Documents.

### **16. Notes Trustee and Security Trustee**

#### *Actions Binding*

- (a) Each of the Notes Trustee and the Security Trustee shall (except as expressly provided otherwise in the Trust Deed or the other Transaction Documents) have absolute discretion as to whether and how it exercises or performs each of its trusts, powers, authorities, duties, discretions and obligations under or in connection with the Transaction Documents or conferred on it by operation of law and its decision as to whether and how to exercise or perform those trusts, powers, authorities, duties, discretions and obligations and any action taken or omitted in consequence shall, as between itself and the Noteholders be conclusive and binding on the Noteholders.

#### *Limitation on Notes Trustee's and Security Trustee's Liability; Right to Indemnity*

- (b) The Trust Deed contains provisions:
  - (i) giving various powers, authorities and discretions to the Notes Trustee and the Security Trustee in addition to those conferred by law including those referred to elsewhere in these Conditions;
  - (ii) specifying various matters in respect of which the Notes Trustee or, as applicable, the Security Trustee is to have (A) no duty or responsibility to make any investigation to supervise or to enforce and (B) no liability or responsibility to the Noteholders in the absence of wilful default, negligence or fraud or, in the case of certain matters, in any circumstances; and
  - (iii) entitling the Notes Trustee or, as applicable, the Security Trustee to indemnification or providing that it is not obliged to take any steps, proceedings or other action at the request or direction of any person unless it has been indemnified and/or secured to its satisfaction.



*Notes Trustee, Security Trustee and Issuer Security*

- (c) Neither the Notes Trustee nor the Security Trustee shall be responsible for matters relating to the Issuer Security or the Notes Collateral including:
- (i) the nature, value, collectability or enforceability of the Notes Collateral;
  - (ii) the registration, perfection or priority of the Issuer Security;
  - (iii) the Issuer's title to the Notes Collateral; or
  - (iv) the compliance of the Notes Collateral or the Issuer Security with any applicable criteria or performance measures.

*Removal and Replacement of Notes Trustee and Security Trustee*

- (d) There shall at all times be a Notes Trustee and a Security Trustee. The Trust Deed provides that the retirement or removal of any Notes Trustee or Security Trustee shall not become effective unless a trust corporation would remain as trustee or a replacement trust corporation is appointed.

**17. Agents**

*Paying Agent, Transfer Agent and Registrar Solely Agents of Issuer*

In acting under the Agency and Account Bank Agreement and in connection with the Notes the Paying Agent, Transfer Agent and Registrar will act solely as the agents of the Issuer or (to the extent provided in the Agency and Account Bank Agreement) the Notes Trustee and shall not be under any fiduciary duty or other obligation towards, or have any relationship of agency or trust for or with, any of the Noteholders.

**18. Replacement of Notes**

If any Note is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Registrar upon payment by the claimant of the costs and expenses incurred in connection with such replacement and with such evidence, security and indemnity as the Issuer and/or the Registrar may reasonably require. Mutilated or defaced Notes, must be surrendered before replacements will be issued.

**19. Notices and Information**

*Valid Notices*

- (a) All notices, other than notices given in accordance with the following paragraphs of this Condition 19 (*Notices and Information*), to Noteholders shall be deemed to have been validly given if they are (i) published in a leading daily newspaper printed in the English language and with general circulation in Dublin (which is expected to be The Irish Times) or, if that is not practicable, in such English language newspaper or newspapers as the Notes Trustee shall approve having a general circulation in Dublin, or alternatively, (ii) for as long as the Notes are admitted to trading on the Global Exchange Market and the listing requirements of the Irish Stock Exchange so require, all notices regarding the Notes will be deemed to be validly given if published via the Company Announcements Office of the Irish Stock Exchange via its website, which as at the Issue Date is: <http://www.ise.ie>. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication shall have been made in the newspaper or newspapers or the website of the Irish Stock Exchange, as relevant, in or on which publication is required. For so long as the Notes are represented by Global Notes, notices to Noteholders will be validly given if published as described above or, at the option of the Issuer, if delivered to Euroclear and/or Clearstream for communication by them to their participants and for communication by such participants to entitled accountholders. Any notice delivered to Euroclear and/or Clearstream as aforesaid shall be deemed to have been given on the day on which it is delivered to Euroclear or Clearstream.

*Notices on Screen Page*

- (b) Any notice to Noteholders specifying that a Note Acceleration Notice or Enforcement Notice has been given shall be deemed to have been duly given if the information contained in such notice is delivered to Euroclear and/or Clearstream for communication by them to their participants and for communication by

such participants to entitled accountholders or if the information contained in such notice appears on the relevant page of the Reuters or Bloomberg Screen or such other medium for the electronic display of data approved by the Notes Trustee and notified to the Noteholders in accordance with the other paragraphs of this Condition 19 (*Notices and Information*).

#### *Other Methods for Notice*

- (c) The Notes Trustee may approve any other method of giving notice to Noteholders which is, in its opinion, reasonable having regard to market practice then prevailing and to the requirements of the stock exchange on which the Notes are then listed.

#### *Noteholder Information*

- (d) The Issuer shall provide the Notes Trustee and the Paying Agent with copies of the Issuer's audited annual financial statements (including balance sheet, profit and loss and cash flow statements) as soon as they become publicly available (together with the related auditors' report); *provided that*, such audited annual financial statements (together with the related auditors' report) shall be deemed validly delivered to the Notes Trustee and the Paying Agent if they are published on the website of the Irish Stock Exchange, which at the Issue Date is <http://www.ise.ie>. The audited annual financial statements (together with the related auditors' report) shall be available for inspection by the Noteholders on any Business Day at the specified office for the time being of the Paying Agent.
- (e) The Quarterly Portfolio Reports will be posted, on a quarterly basis each March, June, September and December, on a website administered by the Administrator (currently <https://gctinvestorreporting.bnymellon.com>), to which the Noteholders will be given access upon registration. Noteholders may also contact the Administrator at [gctinvestorreporting@bnymellon.com](mailto:gctinvestorreporting@bnymellon.com) with any access or registration queries.

## **20. Issue of Further Notes**

#### *Further Notes*

- (a) The Issuer may from time to time on any date on or before the Maturity Date or the date of early redemption of the Notes in accordance with Condition 6 (*Redemption, Purchase and Cancellation; Approved Exchange Offer*) (such date, the "**Further Notes Issue Date**") without the consent of the Noteholders but subject to the provisions of these Conditions and the Trust Deed, raise further funds by creating and issuing additional Receivables Financing Notes (the "**Further Notes**") in fully registered form, having the same terms and conditions (except in relation to the issue date and the date from which interest will accrue) as, and so that they shall be consolidated and form a single series and rank *pari passu* with, the Notes then outstanding, *provided that*:
  - (i) once credited to the Issuer Transaction Account in accordance with the Trust Deed, the net proceeds of the issue of the Further Notes are to form part of the Issuer Available Funds and to be applied by the Issuer in accordance with the Agency and Account Bank Agreement;
  - (ii) no Issuer Event of Default has occurred and is continuing; and
  - (iii) VMIH will, if applicable, create or cause to be created an incremental or new Issue Date Facility such that aggregate Issue Date Facility Commitment (as defined in the New VM Facilities Agreement) is equal to or greater than 1/300 of the aggregate principal amount of Notes (including the Further Notes) issued.

#### *Supplemental Trust Deeds and Issuer Security*

- (b) Any Further Notes shall be created by a further deed supplemental to the Trust Deed and shall have the benefit of the Issuer Security.

## **21. Satisfaction and Discharge**

The Trust Deed includes provisions which allow the Issuer to satisfy and discharge its obligations under the Notes, the Trust Deed and the other Notes Security Documents, subject to the satisfaction of certain conditions.

## **22. Survival of Redemption**

The provisions of Condition 6(m) (*Redemption, Purchase and Cancellation; Approved Exchange Offer—Limited Recourse*), Condition 12(a) (*Noteholder Action—Limit on Noteholder Action*) and Condition 12(b) (*Noteholder Action—Recourse Against Certain Parties*) shall survive the redemption in full of the Notes.

## **23. Contracts (Rights of third Parties) Act 1999**

No person shall have any right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of the terms or conditions of the Notes.

## **24. Governing Law**

The Trust Deed and the Notes and the relationship between (a) the parties to those Transaction Documents, (b) the Noteholders and the Notes Trustee and (c) the Noteholders and the Security Trustee and any non-contractual obligations arising out of such agreements and relationships shall be governed by, and interpreted in accordance with, English law.

## **25. Listing**

The Issuer will use its reasonable efforts to have the Notes admitted to listing on the Irish Stock Exchange and trading on its Global Exchange Market following the Issue Date, and will maintain such listing as long as the Notes are outstanding; *provided that*, if the Issuer can no longer maintain such listing or it becomes unduly burdensome to make or maintain such listing, the Issuer may cease to make or maintain such listing on the Irish Stock Exchange; *provided further that* the Issuer will use its reasonable efforts to obtain and maintain the listing of the Notes on another recognized listing exchange for notes issuers (which may be a stock exchange that is not regulated by the European Union). Notwithstanding the foregoing or any other provision of the Trust Deed or the Conditions to the contrary, the Issuer may, at its sole option at any time, without the consent of the Noteholders or the Notes Trustee, de-list the Notes from any stock exchange for the purposes of moving the listing of the Notes to the Official List of The Channel Islands Securities Exchange Authority Limited.

## FORM OF THE NOTES

### General

#### *Denominations*

- (a) The Notes will have a minimum authorized denomination of €100,000 principal amount and integral multiples of €1,000 in excess thereof.

#### *Form and Registration*

- (b) The Notes will be sold only (i) to non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act or (ii) in the United States to persons that are both (x) Qualified Institutional Buyers and (y) Qualified Purchasers. Each Note sold in the United States to a person that, at the time of the acquisition, purported acquisition or proposed acquisition of any Note, is both a Qualified Institutional Buyer and a Qualified Purchaser will be issued in the form of one or more permanent global notes in fully registered form without interest coupons (each a “**Rule 144A Global Note**”). The Notes sold to non-U.S. persons in offshore transactions in reliance on Regulation S will be issued in the form of one or more permanent global notes in fully registered form without interest coupons (each a “**Regulation S Global Note**”, and together with a Rule 144A Global Note, a “**Global Note**”).
- (c) Each initial investor and subsequent transferee of an interest in a Global Note (except, in the case of an Initial Purchaser, as may be expressly agreed in writing between such Initial Purchaser and the Issuer) will be deemed to represent, among other matters, as to its status under the Securities Act and the Investment Company Act and ERISA.
- (d) The Global Notes will be deposited with and registered in the name of a common depository for the respective accounts of Euroclear and/or Clearstream. The Common Codes and ISIN for the Notes are as follows:

#### **Rule 144A Global Note**

Common Code:

ISIN:

#### **Regulation S Global Note**

Common Code:

ISIN:

- (e) A beneficial interest in a Regulation S Global Note may be transferred to a person who takes delivery in the form of an interest in the corresponding Rule 144A Global Note only upon receipt by the Transfer Agent of (i) a written certification from the transferor in the form required by the Trust Deed to the effect that such transfer is being made to a person whom the transferor reasonably believes is both a Qualified Institutional Buyer and a Qualified Purchaser (or a transferee thereof that is identified in Rules 3c-5 and 3c-6 under the Investment Company Act) in a transaction meeting the requirements of Rule 144A under the Securities Act and Section 3(c)(7) under the Investment Company Act, respectively, in compliance with certain restrictions imposed during the 40-day period prescribed by Regulation S commencing on the later of (a) the date upon which Notes are first offered to persons other than the Initial Purchasers and any other distributor (as such term is defined in Regulation S) of the Notes and (b) the Issue Date (the “**Distribution Compliance Period**”), if applicable, and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction and (ii) a written certification from the transferee in the form required by the Trust Deed to the effect, among other things, that such transferee is both (x) a Qualified Institutional Buyer and (y) a Qualified Purchaser (or a transferee thereof that is identified in Rules 3c-5 and 3c-6 under the Investment Company Act). Beneficial interests in a Rule 144A Global Note may be transferred to a person who takes delivery in the form of an interest in the applicable Regulation S Global Note only upon receipt by the Transfer Agent of a written certification from the transferor in the form required by the Trust Deed to the effect that such transfer is being made in accordance with Regulation S under the Securities Act and a written certification from the transferee in the form required by the Trust Deed to the effect, *inter alia*, that such transferee is a non-U.S. person purchasing such Note in an offshore transaction pursuant to Regulation S. Any beneficial interest in one of the Global Notes that is transferred to a person who takes delivery in the form of an interest in another Global Note will, upon transfer, cease to be an interest in such Global Note,

and become an interest in such other Global Note, and accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other Global Notes for as long as it remains such an interest.

- (f) No service charge will be made for any registration of transfer or exchange of Notes but the Issuer, the Registrar or the Transfer Agent may require payment of a sum sufficient to cover any transfer, tax or other governmental charge payable in connection therewith. The Registrar or the Transfer Agent will be permitted to request such evidence reasonably satisfactory to it documenting the identity and/or signatures of the transferor and transferee.
- (g) The registered owner of the relevant Global Note will be the only person entitled to receive payments in respect of the Notes represented thereby, and the Issuer will be discharged by payment to the registered owner of such Global Note or in respect of each amount so paid. No person other than the registered owner of the relevant Global Note will have any claim against the Issuer in respect of any payment due on that Global Note. Account holders or participants in Euroclear and/or Clearstream shall have no rights under the Trust Deed with respect to Global Notes held on their behalf by Euroclear and/or Clearstream, and Euroclear and/or Clearstream may be treated by the Issuer, the Notes Trustee and any agent of the Issuer or the Notes Trustee as the holder of Global Notes for all purposes whatsoever.
- (h) Global Notes will be exchangeable by the Issuer for Definitive Notes, if: (i) Euroclear and/or Clearstream notifies the Issuer that it is unwilling or unable to continue to act as depository for the Global Notes and a successor depository is not appointed by the Issuer within 120 days after receiving such notice; (ii) the Issuer, at its option, notifies the Notes Trustee in writing that it elects to exchange in whole, but not in part, the Global Note for Definitive Notes; (iii) Euroclear and/or Clearstream so request following an Issuer Event of Default which is continuing; or (iv) the holder of a beneficial interest in a Global Note requests such exchange in writing delivered through Euroclear and/or Clearstream or to the Issuer following an Issuer Event of Default which is continuing.

Upon the occurrence of any of the preceding events in clauses (i) through (iv) above, the Issuer shall issue or cause to be issued Definitive Notes in such name or names and issued in any approved denominations as Euroclear or Clearstream shall instruct the Issuer based on the instructions received by Euroclear or Clearstream from the holders of beneficial interests in such Global Notes.

In the event that Definitive Notes are not so issued by the Issuer to such beneficial owners of interests in Global Notes, the Issuer expressly acknowledges that such beneficial owners shall be entitled to pursue any remedy that the holders of a Global Note would be entitled to pursue in accordance with the Trust Deed (but only to the extent of such beneficial owner's interest in the Global Note) as if Definitive Notes had been issued; provided, that the Notes Trustee shall be entitled to rely upon any certificate of ownership provided by such beneficial owners and/or other forms of reasonable evidence of such ownership. In the event that Definitive Notes are issued in exchange for Global Notes as described above, the applicable Global Note will be surrendered to the Registrar by Euroclear and/or Clearstream, as applicable, and the Issuer will execute and the Registrar will authenticate and deliver an equal aggregate outstanding principal amount of Definitive Notes.

- (i) The Notes will be subject to certain restrictions on transfer set forth therein and in the Trust Deed and the Notes will bear the restrictive legend set forth below.

***Bloomberg Screens, Etc.***

- (j) The Issuer will from time to time request all third-party vendors to include on screens maintained by such vendors appropriate legends regarding restrictions on the Global Notes under Section 3(c)(7) of the Investment Company Act and Rule 144A.



## BOOK-ENTRY CLEARANCE PROCEDURES

The information set out below has been obtained from sources that the Issuer believes to be reliable, but prospective investors are advised to make their own enquiries as to such procedures. In particular, such information is subject to any change in or interpretation of the rules, regulations and procedures of Euroclear or Clearstream (together, the “**Clearing Systems**”) currently in effect and investors wishing to use the facilities of any of the Clearing Systems are therefore advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Notes Trustee, the Obligors, the Initial Purchasers or any Agent party to the Agency and Account Bank Agreement (or any affiliate of any of the above, or any person by whom any of the above is controlled for the purposes of the Securities Act), will have any responsibility for the performance by the Clearing Systems or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations or for the sufficiency for any purpose of the arrangements described below.

### **Euroclear and Clearstream**

Custodial and depository links have been established between Euroclear and Clearstream to facilitate the initial issue of the Notes and cross-market transfers of the Notes associated with secondary market trading (see “*Settlement and Transfer of Notes*” below). The Issuer provides the following summary 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 the Issuer nor the Initial Purchasers are responsible for those operations or procedures.

Euroclear and Clearstream each hold securities for their customers and facilitate the clearance and settlement of securities transactions through electronic book-entry transfer between their respective accountholders. Indirect access to Euroclear and/or Clearstream is available to other institutions which clear through or maintain a custodial relationship with an accountholder of either system. Euroclear and Clearstream provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Their customers are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Investors may hold their interests in such Global Notes directly through Euroclear and/or Clearstream if they are accountholders (“**Direct Participants**”) or indirectly (“**Indirect Participants**”, and together with Direct Participants, “**Participants**”) through organizations which are accountholders therein.

### **Book-Entry Ownership**

#### ***Euroclear and Clearstream***

The Regulation S Global Note and the Rule 144A Global Note will have an ISIN and a Common Code and will be registered in the name of, and deposited with, a common depository on behalf of Euroclear and/or Clearstream.

### ***Relationship of Participants with Clearing Systems***

Each of the persons shown in the records of Euroclear and/or Clearstream as the holder of a Note represented by a Global Note must look solely to Euroclear and/or Clearstream (as the case may be) for his share of each payment made by the Issuer to the holder of such Global Note and in relation to all other rights arising under the Global Note, subject to and in accordance with the respective rules and procedures of Euroclear and/or Clearstream. The Issuer expects that, upon receipt of any payment in respect of Notes represented by a Global Note, the common depository by whom such Note is held, or nominee in whose name it is registered, will immediately credit the relevant Participants’ or accountholders’ accounts in the relevant Clearing System with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Global Note as shown on the records of the relevant Clearing System or its nominee. The Issuer also expects that payments by Direct Participants in any Clearing System to owners of beneficial interests in any Global Note held through such Direct Participants in any Clearing System will be governed by standing instructions and customary practices. Save as aforesaid, such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note and the obligations of the Issuer will be discharged by payment to the registered holder, as the case may be, of such Global Note in respect of

each amount so paid. None of the Issuer, the Notes Trustee or any Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in any Global Note or for maintaining, supervising or reviewing any records relating to such ownership interests.

### ***Settlement and Transfer of Notes***

Subject to the rules and procedures of each applicable Clearing System, purchases of Notes held within a Clearing System must be made by or through Direct Participants, which will receive a credit for such Notes on the Clearing System's records. The ownership interest of each actual purchaser of each such Note (the "**Beneficial Owner**") will in turn be recorded on the Direct Participant and Indirect Participant's records. Beneficial Owners will not receive written confirmation from any Clearing System of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which such Beneficial Owner entered into the transaction. Transfers of ownership interests in Notes held within the Clearing System will be effected by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in such Notes, unless and until interests in any Global Note held within a Clearing System are exchanged for Definitive Notes.

No Clearing System has knowledge of the actual Beneficial Owners of the Notes held within such Clearing System and their records will reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the Clearing Systems to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

### ***Trading between Euroclear and/or Clearstream Participants***

Secondary market sales of book-entry interests in the Notes held through Euroclear and/or Clearstream to purchasers of book-entry interests in the Notes held through Euroclear and/or Clearstream will be conducted in accordance with the normal rules and operating procedures of Euroclear and/or Clearstream and will be settled using the procedures applicable to conventional eurobonds.

### ***Redemption of Global Notes***

In the event any Global Note, or any portion thereof, is redeemed, Euroclear and/or Clearstream, as applicable, will distribute the amount received by it in respect of the Global Note so redeemed to the Beneficial Owner of book-entry interests in such Global Note, subject to any applicable withholding taxes. The redemption price payable in connection with the redemption of such book-entry interests will be equal to the amount received by Euroclear and/or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof), subject to any applicable withholding taxes. The Issuer understands that under existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and/or Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate; provided, however, that no book-entry interest of less than £100,000 in principal amount at maturity, or less, may be redeemed in part.

### ***Currency and Payment for the Global Notes***

The principal of, premium, if any, and interest on, and all other amounts payable in respect of the Global Notes will be paid to holders of interest in such Notes through Euroclear and/or Clearstream in euros.

### ***Action by Owners of Book-Entry Interests***

Euroclear and Clearstream have advised the Issuer 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 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. 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 Issuer Event of Default under the Notes, each of Euroclear and Clearstream reserves the right to exchange the Global Notes for Definitive Notes in certificated form, and to distribute such Definitive Notes to their respective participants.

## TAXATION

### IRELAND

*The following is a summary of the principal Irish tax consequences for individuals and companies of ownership of the Notes based on the laws and practice of the Irish Revenue Commissioners currently in force in Ireland and may be subject to change. It deals with Noteholders who beneficially own their Notes as an investment. Particular rules not discussed below may apply to certain classes of taxpayers holding Notes, such as dealers in securities, trusts, etc. The summary does not constitute tax or legal advice and the comments below are of a general nature only. Prospective investors in the Notes should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Notes and the receipt of interest thereon under the laws of their country of residence, citizenship or domicile.*

#### Taxation of Noteholders

##### Withholding Tax

In general, tax at the standard rate of income tax (currently 20 per cent.) is required to be withheld from payments of Irish source interest which should include interest payable on the Notes. The Issuer will not be obliged to make a withholding or deduction for or on account of Irish income tax from a payment of interest on a Note so long as the interest paid on the relevant Note falls within one of the following categories and meets the relevant conditions:

(a) **Interest paid on a quoted Eurobond:**

A quoted Eurobond is a security which is issued by a company (such as the Issuer), is listed on a recognised stock exchange (such as the Irish Stock Exchange) and carries a right to interest. Provided that the Notes carry an amount in respect of interest and are listed on the Irish Stock Exchange (or any other recognised stock exchange), interest paid on them can be paid free of withholding tax provided that the person by or through whom the payment is made is not in Ireland, or if such person is in Ireland, either:

- (i) the Notes are held in a clearing system recognised by the Irish Revenue Commissioners (the Depository Trust Company (“DTC”), Euroclear and Clearstream are, amongst others, so recognised); or
- (ii) the person who is the beneficial owner of the Notes and who is beneficially entitled to the interest is not resident in Ireland and has made a declaration to a relevant person (such as a paying agent located in Ireland) in the prescribed form.

Thus, so long as the Notes continue to be quoted on a recognised stock exchange (such as the Irish Stock Exchange) and are held in a clearing system recognised by the Irish Revenue Commissioners (DTC, Euroclear and Clearstream are, amongst others, so recognised), interest on the Notes can be paid by any paying agent acting on behalf of the Issuer free of any withholding or deduction for or on account of Irish income tax. If the Notes continue to be quoted but cease to be held in a recognised clearing system, interest on the Notes may be paid without any withholding or deduction for or on account of Irish income tax provided such payment is made through a paying agent who is not in Ireland.

(b) **Interest paid by a qualifying company within the meaning of Section 110 TCA 1997 to certain non-residents:**

If, for any reason, the quoted Eurobond exemption referred to above does not or ceases to apply, interest payments may still be made free of withholding tax provided that the Issuer remains a “qualifying company” as defined in Section 110 TCA 1997 and the Noteholder who is beneficially entitled to the interest is a person which is resident in a Relevant Territory, and where the recipient is a company, the interest is not paid to it in connection with a trade or business carried on by it in Ireland through a branch or agency.

In this context, “**Relevant Territory**” means a member state of the European Union (other than Ireland) or a country with which Ireland has signed a double tax treaty. The test of residence is determined by reference to the law of the Relevant Territory in which the Noteholder claims to be resident.

## Encashment Tax

In certain circumstances, Irish tax will be required to be withheld at the standard rate of income tax (currently 20 per cent.) from interest on any Note, where such interest is collected or realized by a bank or encashment agent in Ireland on behalf of any Noteholder. There is an exemption from encashment tax where the beneficial owner of the interest is not resident in Ireland and has made a declaration to this effect in the prescribed form to the encashment agent or bank.

## Income Tax, PRSI and Universal Social Charge

Notwithstanding that a Noteholder may receive interest on the Notes free of withholding tax, the Noteholder may still be liable to pay Irish tax with respect to such interest. Noteholders resident or ordinarily resident in Ireland who are individuals may be liable to pay Irish income tax, social insurance (“**PRSI**”) contributions and the universal social charge in respect of interest they receive on the Notes.

Interest paid on the Notes may have an Irish source and therefore may be within the charge to Irish income tax, notwithstanding that the Noteholder is not resident in Ireland. In the case of Noteholders who are non-resident individuals such Noteholders may also be liable to pay the universal social charge in respect of interest they receive on the Notes.

Ireland operates a self-assessment system in respect of tax and any person, including a person who is neither resident nor ordinarily resident in Ireland, with Irish source income comes within its scope.

There are however a number of exemptions from Irish income tax available to certain non-residents:

- (a) firstly, interest payments made by the Issuer are exempt from income tax so long as the Issuer is a qualifying company for the purposes of Section 110 of TCA 1997, the recipient is not resident in Ireland and is resident in a Relevant Territory and, the interest is paid out of the assets of the Issuer;
- (b) secondly, interest payments made by the Issuer in the ordinary course of its trade or business to a company are exempt from income tax provided the recipient company is not resident in Ireland and is a company which is either resident for tax purposes in a Relevant Territory which imposes a tax that generally applies to interest receivable in that Relevant Territory by companies from sources outside that Relevant Territory or, in respect of the interest is exempted from the charge to Irish income tax under the terms of a double tax agreement which is either in force or which is not yet in force but which will come into force once all ratification procedures have been completed; and
- (c) thirdly, interest paid by the Issuer free of withholding tax under the quoted Eurobond exemption is exempt from income tax, where the recipient is:
  - (i) a person not resident in Ireland and resident in a Relevant Territory; or
  - (ii) a company not resident in Ireland which is under the control, whether directly or indirectly, of person(s) who by virtue of the law of a Relevant Territory are resident for the purpose of tax in that Relevant Territory and are not themselves under the control, whether directly or indirectly, of person(s) who are not so resident; or
  - (iii) a company not resident in Ireland where the principal class of shares of the company or its 75% parent is substantially and regularly traded on a recognised stock exchange in Ireland or a Relevant Territory or a stock exchange approved by the Minister for Finance.

Interest falling within the above exemptions is also exempt from the universal social charge.

Notwithstanding these exemptions from income tax, a corporate recipient that carries on a trade in Ireland through a branch or agency in respect of which the Notes are held or attributed, may have a liability to Irish corporation tax on the interest.

Relief from Irish income tax may also be available under the specific provisions of a double tax treaty between Ireland and the country of residence of the recipient.

Interest on the Notes which does not fall within the above exemptions may be within the charge to income tax, and, in the case of Noteholders who are individuals, may be subject to the universal social charge.

## **Capital Gains Tax**

A Noteholder will not be subject to Irish tax on capital gains on a disposal of Notes unless (a) such holder is either resident or ordinarily resident in Ireland, (b) carries on a trade or business in Ireland through a branch or agency in respect of which the Notes were used or held or (c) the Notes cease to be quoted on a stock exchange and derive their value or the greater part of their value directly or indirectly from Irish land or mineral rights.

## **Capital Acquisitions Tax**

A gift or inheritance comprising of Notes will be within the charge to capital acquisitions tax (which subject to available exemptions and reliefs, will be levied at 33 per cent.) if either (i) the disponent or the donee/successor in relation to the gift or inheritance is resident or ordinarily resident in Ireland (or, in certain circumstances, if the disponent is domiciled in Ireland irrespective of his residence or that of the donee/successor) on the relevant date or (ii) if the Notes are regarded as property situate in Ireland (i.e. if the Notes are physically located in Ireland or if the register of the Notes is maintained in Ireland)). The Notes may be regarded as situated in Ireland regardless of their physical location or the location of the register of the Notes as they secure a debt due by an Irish resident debtor and they may be secured over Irish property. Accordingly, if such Notes are comprised in a gift or inheritance, the gift or inheritance may be within the charge to tax regardless of the residence status of the disponent or the donee/successor.

## **Stamp Duty**

No stamp duty or similar tax is imposed in Ireland (on the basis of an exemption provided for in Section 85(2)(c) of the Stamp Duties Consolidation Act, 1999 so long as the Issuer is a qualifying company for the purposes of Section 110 of TCA 1997 and the proceeds of the Notes are used in the course of the Issuer's business), on the issue, transfer or redemption of the Notes.

## **INFORMATION EXCHANGE REGIMES**

On December 9, 2014, the Council of the European Union adopted a Directive (EC Council Directive 2014/107/EU amending EU Council Directive 2011/16/EU) which effectively implemented the OECD's common reporting standard on automatic exchange of financial account information in tax matters. EU member states were required to implement this Directive in respect of taxable periods from January 1, 2016 and should begin exchanging information pursuant to such Directive no later than September 30, 2017 (subject to deferral under transitional rules in the case of Austria). The Common Reporting Standard is generally broader than the European Union Council Directive 2003/48/EC on the taxation of savings income (the "EU Savings Directive"), although it does not impose withholding taxes.

On November 10, 2015, the Council of the European Union adopted EU Council Directive 2015/2060/EU repealing the EU Savings Directive with effect from January 1, 2016 (or January 1, 2017 in the case of Austria), subject to ongoing requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates. The repeal of the EU Savings Directive is intended to prevent overlap between the EU Savings Directive and EC Council Directive 2014/107/EU.

## **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 also apply to certain U.S. Holders' capital gains and interest in respect of the Notes. In addition, this discussion is limited to persons who purchase Notes for cash pursuant to this offering at the offering price indicated on the cover page hereof. 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 U.S. Internal Revenue Code of 1986 (as amended) (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 discussion, a U.S. Holder (“**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 tax consequences.

Persons considering the purchase, ownership or disposition of Notes should consult their own tax advisors concerning the U.S. federal income tax considerations related to their particular situations as well as any considerations arising under the laws of any other taxing jurisdiction.

### **Treatment of the Notes as Debt**

The Issuer expects the Notes to be treated as debt and not as equity for U.S. federal income tax purposes; however no assurances can be given that the Issuer's position will not be successfully challenged by the IRS. If the Notes are treated as equity in the Issuer for U.S. federal income tax purposes, U.S. Holders would likely be subject to adverse tax consequences, including those under the passive foreign investment company (“**PFIC**”) rules (pursuant to which (i) all or a portion of any gain on disposition of the Notes would be treated as ordinary income rather than capital gain, (ii) a deferred interest charge may apply to such gain and on certain distributions, which would include certain payments of stated interest, on the Notes and (iii) a U.S. Holder would be required to comply with certain reporting requirements).

U.S. Holders are urged to consult their own tax advisors regarding the application of these rules to their particular situations. The discussion below assumes that the Notes are treated as indebtedness for U.S. federal income tax purposes, except as otherwise described.

### **Redemptions and Additional Amounts**

In certain circumstances, the Issuer may be obligated to make payments in excess of stated interest or principal of the Notes, referred to herein as Additional Amounts (as defined in Condition 9 (“*Taxation*”); see Condition 9 (“*Taxation*”)), or redeem the Notes in advance of their expected maturity (see Condition 6 (“*Redemption, Purchase and Cancellation; Approved Exchange Offer*”)). The Issuer believes, and intends 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 repurchase or redemption would be taxable as described below in “—*Sale, Exchange, Retirement or Other Taxable Disposition*” 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 timing and character of a U.S. Holder’s income with respect to the Notes, or have other adverse tax consequences. 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 will not be 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 an issuer), or that is treated as constructively received, at least annually at a single fixed rate (“**qualified stated interest**”).

Stated interest paid in pounds sterling will be included in a U.S. Holder’s gross income in an amount equal to the U.S. dollar value of the pounds sterling, including the amount of any withholding tax thereon, regardless of whether the pounds sterling are 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 pounds sterling 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 in an amount equal to any difference between the U.S. dollar value of the pounds sterling interest payment (determined on the basis of the spot rate on the date the interest payment 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 will be 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 generally should 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**

A Note 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” equals or exceeds its issue price by the “OID de minimis amount”. The “OID de minimis amount” equals  $\frac{1}{4}$  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 Note is issued with OID, a U.S. Holder 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.

Any OID on a Note generally will be determined for any accrual period in pounds sterling 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 a 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 U.S. Holder, as described above. U.S. 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 earlier 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.

### **Sale, Exchange, Retirement or Other Taxable Disposition**

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 qualified stated interest made with respect to the Note. If a U.S. Holder purchases a Note with pounds sterling, the U.S. dollar cost of the 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 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 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 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 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, any gain or loss recognized on sale, exchange, retirement, or other taxable disposition of a Note generally will be U.S. source capital gain or loss. Gain or loss will be long-term capital gain or loss if the U.S. Holder has held the Note for more than one year. A non-corporate U.S. Holder's long-term capital gain is currently taxed at preferential rates. The ability of a U.S. Holder to offset capital losses against ordinary income is limited.

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 pounds sterling 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 pounds sterling purchase price for the Note calculated at the spot rate of exchange on the date of 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 a Note.

#### **Exchange of Amounts in Other than U.S. Dollars**

If a U.S. Holder receives pounds sterling as interest on a Note or on the sale, exchange, retirement or other taxable disposition of a Note, such U.S. Holder's tax basis in the pounds sterling will equal the U.S. dollar value when the pounds sterling are received. If a U.S. Holder purchased a Note with previously owned non-U.S. 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 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 the Treasury Regulations, U.S. Holders that participate in "reportable transactions" (as defined in the Treasury 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 Treasury 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.

#### **Further Notes**

The Issuer may issue Further Notes as defined in Condition 20 ("*Issue of Further Notes*"). These Further 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 Further Notes are not otherwise distinguishable from the original Notes.

#### **Reporting and Backup Withholding**

Backup withholding and information reporting requirements may apply to certain payments of principal of, and interest and accruals of OID, if any, on a Note and the to proceeds of the sale, exchange, retirement or other taxable disposition of a Note, to certain U.S. Holders. The payor will be required to backup withhold tax on

payments made within the United States, or by a U.S. payor or U.S. middleman or certain of their affiliates, on an Note to, or from gross proceeds of the sale or disposition of an 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 U.S. Holder's U.S. federal income tax liability. A U.S. 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**

FATCA generally imposes 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, unless that foreign entity complies with certain reporting rules under FATCA. If payments on the Notes are treated as paid from 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 withholding rules. 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 defining a "foreign passthru payment" are published), withholding may apply and holders and beneficial owners of the Notes will not be entitled to receive any Additional Amounts to compensate them for any such withholding. The intergovernmental agreement between Ireland and the United States modifies the requirements in this paragraph and an intergovernmental agreement between the United States and a foreign country where a holder or intermediary is located may further modify such requirements. Prospective holders should consult their tax advisors regarding the possible implications of this legislation on their investment in the Notes.

**THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR PURCHASER. EACH PROSPECTIVE PURCHASER IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN THE NOTES IN LIGHT OF THE PURCHASER'S OWN CIRCUMSTANCES.**



## CERTAIN ERISA CONSIDERATIONS

**The Notes are not eligible for purchase by or using the assets of a Benefit Plan Investor or any other employee benefit plan (within the meaning of Section 3(3) of ERISA) which is subject to Similar Laws.**

Under ERISA and a regulation issued by the U.S. Department of Labor at 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA (the “**Plan Asset Regulation**”), the assets of an entity that is neither a publicly-offered security nor a security issued by an investment company registered under the Investment Company Act will be deemed to constitute “plan assets” for the purposes of ERISA and the Code if a Benefit Plan Investor acquires an “equity interest” in the entity and none of the exceptions contained in the Plan Asset Regulation is applicable. An equity interest is defined under the Plan Asset Regulation as an interest other than an instrument which is treated as indebtedness under applicable local law and which has no substantial equity features. Under the exceptions in the Plan Asset Regulation, an entity will not be deemed to hold plan assets if (i) participation in the entity by Benefit Plan Investors is not “significant” (e.g., Benefit Plan Investors hold less than 25% of each class of equity interest in the entity), or (ii) the entity is an operating company, including a “venture capital operating company” or “real estate operating company”.

Although there is little guidance on the subject, at the time of their issuance, the Notes may be treated as equity interests of the Issuer for purposes of the Plan Asset Regulation. The Notes are not a publicly-offered security and the Issuer is not an investment company registered under the Investment Company Act. Furthermore, it is not expected that the Issuer will be an operating company for purposes of the Plan Asset Regulations, and the Issuer will not be able to monitor the level of Benefit Plan Investor participation in the Notes in order to maintain such participation below the 25% threshold. Therefore, there can be no guarantee that the assets of the Issuer will not be deemed to include plan assets if the Notes were to be treated as equity interests of the Issuer. Certain transactions involving the Issuer might be deemed to constitute prohibited transactions under Section 406 of ERISA or Section 4975 of the Code or Similar Laws if the assets of the Issuer are deemed to include plan assets under ERISA, the Code, or such Similar Laws. As a result, the Notes will not be made available for purchase by Benefit Plan Investors or employee benefit plans (within the meaning of Section 3(3) of ERISA) subject to Similar Laws, and any purchase of a Note by such a Benefit Plan Investor or employee benefit plan will be null and void.

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 it is not, and is not acting on behalf of (and for so long as such acquirer or transferee holds such Notes or any interest therein will not be, and will not be acting on behalf of) a Benefit Plan Investor or an employee benefit plan which is subject to Similar Laws, 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 employee benefit plan.

### **Legal investment considerations**

If your investment activities are subject to regulation by federal, state or local law or governmental authorities you should review the applicable laws and/or rules, policies and guidelines adopted from time to time by such authorities before purchasing any Notes. No representation is made as to the proper characterisation of the Notes for legal investment or other purposes or as to the ability of particular investors to purchase any Notes under applicable law or other legal investment restrictions. Accordingly, if your investment activities are subject to such laws and/or regulations, regulatory capital requirements or review by regulatory authorities you should consult your own legal advisers in determining whether and to what extent the Notes constitute a legal investment or are subject to investment, capital or other restrictions.

None of the Issuer, the Initial Purchasers, VMIH, Virgin Media, LG Europe 2, Liberty Global plc or any person who controls them or any director, officer, employee or agent of any of theirs or affiliate of any such person make any representation as to the proper characterisation of the Notes for legal investment or other purposes, as to the ability of particular investors to purchase the Notes for legal investment or other purposes or as to the ability of particular investors to purchase the Notes under applicable investment restrictions. All institutions whose activities are subject to legal investment laws and regulations, regulatory capital requirements or review by regulatory authorities should consult their own legal advisers in determining whether and to what extent the Notes are subject to investment, capital or other restrictions. Without limiting the generality of the foregoing, none of the Issuer, the Initial Purchasers, VMIH, Virgin Media, LG Europe 2, Liberty Global plc or any person who controls them or any director, officer, employee or agent of any of theirs or affiliate of any such person makes any representation as to the characterisation of the Notes as a U.S.-domestic or foreign (non-U.S.)

investment under any state insurance code or related regulations, and they are not aware of any published precedent that addresses such characterisation. The uncertainties described above (and any unfavorable future determinations concerning legal investment or financial institution regulatory characteristics of the Notes) may affect the liquidity of the Notes.

## PLAN OF DISTRIBUTION

The Subscription Agreement dated as of \_\_\_\_\_ has been entered into between the Issuer, Virgin Media, VMIH and the Initial Purchasers in respect of the Notes. Upon the terms and subject to the conditions contained in the Subscription Agreement, the Initial Purchasers each agreed to purchase a percentage, as specified opposite their names below, of the total amount of the Notes from the Issuer on the Issue Date at their issue price of \_\_\_\_\_ per cent. of their initial principal amounts outstanding.

### Initial Purchasers

### Principal Amount of Notes

Credit Suisse Securities (Europe) Limited

Banca IMI S.p.A.

Citigroup Global Markets Limited

Deutsche Bank AG, London Branch

ING Bank N.V., London Branch

The obligations of the Initial Purchasers to purchase the Notes under the Subscription Agreement are several and not joint, are subject to approval of certain legal matters by counsel and to certain conditions precedent and the Initial Purchasers are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issuance of the Notes. In the Subscription Agreement, VMIH and Virgin Media, jointly and severally, as well as the Issuer, agree to indemnify each of the Initial Purchasers against certain liabilities under the Securities Act, the Exchange Act or otherwise, or to contribute to payments each Initial Purchaser may be required to make in respect thereof.

### Selling Restrictions

#### *European Economic Area*

In relation to each member state of the EEA that has implemented the Prospectus Directive (each, a “**Relevant Member State**”), the Initial Purchasers have represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that member state (the “**Relevant Implementation Date**”) it has not made and will not make an offer of securities to the public in that Relevant Member State prior to the publication of a prospectus in relation to the securities that has been approved by the competent authority in that Relevant Member State in accordance with the Prospectus Directive or, where appropriate, published in another Relevant Member State and notified to the competent authority in that Relevant Member State in accordance with article 18 of the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of securities to the public in that Relevant Member State at any time:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant dealer or dealers nominated by the Issuer for any such offer; or
- (c) in any other circumstances that do not require the publication by the issuer of a prospectus pursuant to article 3(2) of the Prospectus Directive.

For the purposes of this provision, the expression “an offer of securities to the public” in relation to any securities 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 securities to be offered so as to enable an investor to decide to purchase or subscribe the securities, as the same may be varied in that member state by any measure implementing the Prospectus Directive in that member state. The term “**Prospectus Directive**” means directive 2003/71/EC of the European Parliament and of the council of November 4, 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State, and includes any relevant implementing measure in the Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

## United States of America

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or the state securities laws of any state of the United States of America and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in transactions pursuant to an exemption from, or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

No action has been taken or is being contemplated by the Issuer that would permit a public offering of the Notes or possession or distribution of this Offering Circular or any amendment thereof, or supplement thereto or any other offering material relating to the Notes in any jurisdiction (other than Ireland) where, or in any other circumstances in which, action for those purposes is required. No offers, sales or deliveries of any Notes, or distribution of this Offering Circular or any other offering material relating to the Notes, may be made in or from any jurisdiction except in circumstances that will result in compliance with any applicable laws and regulations and will not impose any obligations on the Issuer or the Initial Purchasers. Because of the restrictions contained in the front of this Offering Circular, you are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of the Notes.

Each of the Initial Purchasers agrees that it or one or more of its affiliates will sell or arrange for the sale (as applicable) of Notes only to or with, in each case, (a) purchasers it reasonably believes to be both (x) Qualified Institutional Buyers and (y) Qualified Purchasers and (b) non-U.S. persons in offshore transactions pursuant to Regulation S. Each of the Initial Purchasers also agrees that it will send to each other dealer to which it sells Notes pursuant to Regulation S during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes in non-offshore transactions or to, or for the account or benefit of, U.S. persons. Until 40 days after completion of the distribution by the Issuer, an offer or sale of Notes, in a non-offshore transaction by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if the offer or sale is made otherwise than pursuant to Rule 144A or a transaction exempt from the registration requirements under the Securities Act. Resales of the Notes offered in reliance on Rule 144A or in a transaction exempt from the registration requirements under the Securities Act, as the case may be, are restricted as described under “*Transfer Restrictions*”. Beneficial interests in a Regulation S Global Note may not be held by a U.S. person at any time, and resales of the Notes offered in offshore transactions to non-U.S. persons in reliance on Regulation S may be effected only in accordance with the transfer restrictions described herein. As used in this paragraph, the terms “United States” and “U.S.” have the meanings given to them by Regulation S.

## United Kingdom

Each of the Initial Purchasers 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 Financial Services and Markets Act 2000 (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 Issuer; 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.

## Ireland

Each Initial Purchaser has warranted and undertaken to the Issuer that:

- (a) it will not underwrite the issuance of, or place the Notes, otherwise than in conformity with the provisions of the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) (as amended, the “**MiFID Regulations**”), including, without limitation, Regulations 7 (Authorisation) and 152 (Restrictions on Advertising) thereof or any codes of conduct made under the MiFID Regulations and the provisions of the Investor Compensation Act 1998 (as amended);
- (b) it will not underwrite the issuance of, or place, the Notes, otherwise than in conformity with the provisions of the Companies Act 2014 (as amended, the “**Companies Act**”), the Central Bank Acts 1942—2014 (as amended) and any codes of practice made under Section 117(1) of the Central Bank Act 1989;

- (c) it will not underwrite the issuance of, or place, or do anything in Ireland in respect of the Notes otherwise than in conformity with the provisions of the Prospectus (Directive 2003/71/EC) Regulations 2005 (as amended) and any rules issued by the Central Bank of Ireland under Section 1363 of the Companies Act; and
- (d) it will not underwrite the issuance of, place or otherwise act in Ireland in respect of the Notes, otherwise than in conformity with the provisions of the Market Abuse Regulation (EU 596/2014) (as amended) and any rules or guidance issued by the Central Bank of Ireland under Section 1370 of the Companies Act 2014.

## **Miscellaneous**

This document does not constitute, and may not be used for the purpose of, an offer or solicitation in or from any jurisdiction where such an offer or solicitation is not authorized.

Attention is drawn to the information set out on the inside front cover of this document in respect of restrictions on offers and sales of the Notes and on distribution of documents.

You should be aware that the laws and practices of certain countries require investors to pay stamp taxes and other charges in connection with the purchases of securities.

We expect that delivery of the Notes will be made against payment on the Notes on or about the date specified on the cover page of this Offering Circular, which will be five business days (as such term is used for purposes of Rule 15c6-1 of the U.S. Exchange Act) following the date of pricing of the Notes (this settlement cycle is being referred to as “T+5”). Under Rule 15c6-1 of the U.S. 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 Offering Circular or the fifth business day 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 Notes are a new issue of securities for which there is currently no market. The Issuer will apply to list the Notes on the Official List of the Irish Stock Exchange and for the admission for trading on the Global Exchange Market thereof as soon as practicable after the Issue Date. Notwithstanding the foregoing, the Issuer may, at its sole option at any time, without the consent of the Noteholders or the Notes Trustee, delist the Notes from any stock exchange, for the purposes of moving the listing of the Notes to the Official List of The Channel Islands Securities Exchange Authority Limited. The Initial Purchasers are not under an obligation to make a market in the Notes and any market making activity, if commenced, may be discontinued at any time. In addition, such market making activities will be subject to the limits imposed by the U.S. Securities Act and the U.S. Exchange Act. Accordingly, there can be no assurance that a secondary market for the Notes will develop, or if one does develop, that it will continue. Accordingly, no assurance can be given as to the liquidity of or trading market for the Notes.

No action has been taken or is being contemplated by the Issuer that would permit a public offering of the Notes or possession or distribution of this Offering Circular or any amendment thereof, or supplement thereto or any other offering material relating to the Notes in any jurisdiction (other than Ireland) where, or in any other circumstances in which, action for those purposes is required. No offers, sales or deliveries of any Notes, or distribution of this Offering Circular or any other offering material relating to the Notes, may be made in or from any jurisdiction except in circumstances that will result in compliance with any applicable laws and regulations and will not impose any obligations on the Issuer or the Initial Purchasers. Because of the restrictions contained in the front of this Offering Circular, you are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of the Notes.

The Notes are offered when, as and if issued, subject to prior sale or withdrawal, cancellation or modification of the offer without notice and subject to approval of certain legal matters by counsel and certain other conditions.

Persons into whose hands this Offering Circular comes are required by the Issuer and the Initial Purchasers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or have in their possession, distribute or publish this Offering Circular or any other offering material relating to the Notes, in all cases at their own expense.

In connection with the offering of the Notes, the Stabilizing Manager may engage in over-allotment, stabilizing transactions and syndicate covering transactions. Over-allotment involves sales in excess of the



offering size, which creates a syndicate short position. 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. Syndicate 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 syndicate 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 Stabilizing Manager engages in stabilizing or syndicate covering transactions, it may discontinue them at any time.

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. Certain of the Initial Purchasers and/or their respective affiliates have, from time to time, performed, and may in the future perform, various consulting, financial advisory, investment banking, commercial lending and 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 and/or their respective affiliates have arranged and made loans to subsidiaries of Liberty Global or Virgin Media in the past. Certain of the Initial Purchasers and/or their respective affiliates that have a lending relationship with, and/or own outstanding debt securities of, Virgin Media and/or its affiliates have hedged, and are likely to hedge in the future, their credit exposure to Virgin Media and/or its affiliates consistent with their risk management policies. Typically, the Initial Purchasers and their respective 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 addition, certain of the Initial Purchasers and/or their respective affiliates provide Virgin Media and/or its affiliates, from time to time, with hedging services, and may act as counterparties to certain hedging agreements entered into by Virgin Media and/or its affiliates and such parties will receive customary fees and commissions for their services in such capacities.

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 Issuer. 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.

Certain Initial Purchasers are lenders under facilities of the VM Credit Facility, and certain of the Initial Purchasers and/or affiliates are parties to certain hedging arrangements with Virgin Media and/or its subsidiaries. In addition, certain of the Initial Purchasers and/or their affiliates are party to certain hedging arrangements and may be counterparties to certain cross-currency swap contracts that we may enter into with respect to the Notes.

Certain Initial Purchasers are not broker-dealers registered with the SEC and, therefore, may not make sales of any Notes in the United States or to U.S. persons, except in compliance with applicable U.S. laws and regulations. To the extent that such Initial Purchasers intend to effect sales of the Notes in the United States, they will do so only through one or more U.S. registered broker-dealers or otherwise as permitted by applicable U.S. law.

## TRANSFER RESTRICTIONS

Because of the following restrictions, you are advised to consult legal counsel prior to making any offer, resale, or transfer of the Notes.

- (a) The Notes have not been registered under the Securities Act or any state securities or “Blue Sky” laws or the securities laws of any other jurisdiction and, accordingly, may not be reoffered, resold, pledged or otherwise transferred except in accordance with the restrictions described herein and set forth in the Trust Deed.
- (b) Without limiting the foregoing, by holding a Note, you will acknowledge and agree, among other things, that you understand that the Issuer is not registered as an investment company under the Investment Company Act, in reliance upon the exception contained in Section 3(c)(7) of the Investment Company Act for companies (a) whose outstanding securities offered within the U.S. are beneficially owned by U.S. residents that are “qualified purchasers” or “knowledgeable employees” with respect to the Issuer at the time of acquisition of such securities and certain transferees thereof identified in Rules 3c-5 and 3c-6 under the Investment Company Act and (b) which do not make, or propose to make, a public offering of their securities in the United States. Section 2(a)(51) of the Investment Company Act defines the term “qualified purchaser” and the U.S. Securities and Exchange Commission (the “SEC”) has designated several additional classes of qualified purchasers, including companies beneficially owned exclusively by one or more “qualified purchasers”. Each of the following would fall within the definition of “qualified purchaser”:
  - (i) a natural person who owns not less than \$5,000,000 in “investments,” as such term has been defined in (and as the value of such investments are calculated pursuant to) the relevant rules promulgated by the SEC as of the date hereof;
  - (ii) a company that owns not less than \$5,000,000 in “investments” and that is owned directly or indirectly by or for two or more natural persons who are related as siblings or spouse (including former spouses), or direct lineal descendants by birth or adoption, spouses of such persons, the estates of such persons, or foundations, charitable organizations, or trusts established by or for the benefit of such persons;
  - (iii) a trust that is not covered by clause (ii) and that was not formed for the specific purpose of acquiring the securities offered, as to which the trustee or other person authorized to make decisions with respect to the trust, and each settlor or other person who contributed assets to the trust, is a person described in clause (i), (ii) or (iv); or
  - (iv) a person, acting for its own account or the accounts of other qualified purchasers, who in the aggregate owns and invests on a discretionary basis, not less than \$25,000,000 in “investments”;

provided that, in the case of an entity that would be an investment company but for the exclusions from the Investment Company Act provided by Section 3(c)(1) or Section 3(c)(7) thereof (“excepted investment company”), (i) all of the beneficial owners of its outstanding securities (other than short-term paper) that acquired such securities on or before April 30, 1996 (“pre-amendment beneficial owners”) and (ii) all of the pre-amendment beneficial owners of the outstanding securities (other than short-term paper) of an excepted investment company that directly or indirectly own any of its outstanding securities, must have consented to its treatment as a “qualified purchaser”.

### Global Notes

If you are either an Initial Purchaser or a transferee of Notes represented by an interest in a Global Note you will be deemed to have represented and agreed as follows (except as may be expressly agreed in writing between you and the Issuer, if you are an Initial Purchaser):

- (c) In connection with the purchase of such Notes: (A) none of (i) the Issuer, the Initial Purchasers, VMIH, Virgin Media, LG Europe 2, Liberty Global plc or any person who controls them or any director, officer, employee or agent of any of theirs or affiliate of any such person, or (ii) the Notes Trustee, the Security Trustee, the Transfer Agent, any other Agent or any other party to the transaction contemplated by this Offering Circular or any of their respective affiliates, is acting as a fiduciary or financial or investment adviser for such beneficial owner; (B) such beneficial owner is not relying (for purposes of making any investment decision or otherwise) upon any advice, counsel or representations (whether written or oral) of (i) the Issuer, the Initial Purchasers, VMIH, Virgin Media, LG Europe 2, Liberty Global plc or any person who controls them or any director, officer, employee or agent of any

of theirs or affiliate of any such person, or (ii) the Notes Trustee, the Security Trustee, the Transfer Agent, any other Agent or any other party to the transaction contemplated by this Offering Circular or any of their respective affiliates, other than any statements in this Offering Circular, and such beneficial owner has read and understands this Offering Circular; (C) such beneficial owner has consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers to the extent it has deemed necessary and has made its own investment decisions (including decisions regarding the suitability of any transaction pursuant to the Trust Deed) based upon its own judgment and upon any advice from such advisers as it has deemed necessary and not upon any view expressed by (i) the Issuer, the Initial Purchasers, VMIH, Virgin Media, LG Europe 2, Liberty Global plc or any person who controls them or any director, officer, employee or agent of any of theirs or affiliate of any such person, or (ii) the Notes Trustee, the Security Trustee, the Transfer Agent, any other Agent or any other party to the transaction contemplated by this Offering Circular or any of their respective affiliates; (D) such beneficial owner is either (1) (in the case of a beneficial owner of an interest in a Rule 144A Global Note) both (a) a “qualified institutional buyer” (as defined under Rule 144A under the Securities Act) that is not a broker-dealer which owns and invests on a discretionary basis less than \$25,000,000 in securities of issuers that are not affiliated persons of the dealer and is not a plan referred to in paragraph (a)(1)(i)(d) or (a)(1)(i)(e) of Rule 144A under the Securities Act or a trust fund referred to in paragraph (a)(1)(i)(f) of Rule 144A under the Securities Act that holds the assets of such a plan, if investment decisions with respect to the plan are made by beneficiaries of the plan and (b) a “qualified purchaser” as defined in Section 2(a)(51) of, and Rules 2a51-1, 2a51-2 and 2a51-3 under, the Investment Company Act, or (2) not a “U.S. person” as defined in Regulation S and is acquiring the Notes in an offshore transaction (as defined in Regulation S) in reliance on the exemption from registration provided by Regulation S; (E) such beneficial owner is acquiring its interest in such Notes for its own account; (F) such beneficial owner was not formed for the purpose of investing in such Notes; (G) such beneficial owner understands that the Issuer may receive a list of participants holding interests in the Notes from one or more book-entry depositories, (H) such beneficial owner will hold and transfer at least the minimum denomination of such Notes, (I) such beneficial owner will provide notice of the relevant transfer restrictions to subsequent transferees and (J) if it is not a U.S. person, it is not acquiring any Note as part of a plan to reduce, avoid or evade U.S. federal income tax.

- (d) 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 it is not, and is not acting on behalf of (and for so long as such acquirer or transferee holds such Notes or any interest therein will not be, and will not be acting on behalf of) a Benefit Plan Investor or an employee benefit plan (as defined in Section 3(3) of ERISA) which is subject to any Similar Laws, and no part of the assets to be used by such acquirer or transferee to acquire or hold such Notes or any interest therein constitutes the assets of any Benefit Plan Investor or any such employee benefit plan.
- (e) Such beneficial owner understands that such Notes are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, such Notes have not been and will not be registered under the Securities Act, and, if in the future such beneficial owner decides to offer, resell, pledge or otherwise transfer such Notes, such Notes may be offered, resold, pledged or otherwise transferred only in accordance with the provisions of the Trust Deed and the legend on such Notes. Such beneficial owner acknowledges that no representation has been made as to the availability of any exemption under the Securities Act or any state securities laws for resale of such Notes. Such beneficial owner understands that the Issuer has not been registered under the Investment Company Act, and that the Issuer intends to comply with the exception under Section 3(c)(7) of the Investment Company Act in order to avoid the adverse consequences of failing to register as an “investment company”.
- (f) Such beneficial owner is aware that, except as otherwise provided in the Trust Deed, any Notes being sold to it in reliance on Regulation S will be represented by one or more Regulation S Global Notes and that in each case beneficial interests therein may be held only through a common depository for the respective accounts of Euroclear and/or Clearstream.
- (g) Such beneficial owner will provide notice to each person to whom it proposes to transfer any interest in the Notes of the transfer restrictions and representations set forth in the Trust Deed.

#### **Non-Permitted Holder**

- (h) If any U.S. person that is not both a Qualified Institutional Buyer and a Qualified Purchaser or that does not have an exemption available under the Securities Act and the Investment Company Act shall

become the holder or beneficial owner of an interest in any Note (any such person a “**Non-Permitted Holder**”), the Issuer shall, promptly after discovery that such person is a Non-Permitted Holder, send notice to such Non-Permitted Holder demanding that such Non-Permitted Holder transfer its interest to a person that is not a Non-Permitted Holder within 30 days after the date of such notice. If such Non-Permitted Holder fails to so transfer its Notes, the Issuer shall have the right, without further notice to the Non-Permitted Holder, to sell such Notes or interest in such Notes to a purchaser selected by the Issuer that is not a Non-Permitted Holder on such terms as the Issuer may choose. The Issuer may select the purchaser by soliciting one or more bids from one or more brokers or other market professionals that regularly deal in securities similar to the Notes and selling such Notes to the highest such bidder. However, the Issuer may select a purchaser by any other means determined by it in its sole discretion. The holder of each Note, as applicable, the Non-Permitted Holder and each other person in the chain of title from the holder to the Non-Permitted Holder, by its acceptance of an interest in the Notes agrees to cooperate with the Issuer and the Transfer Agent to effect such transfers. The proceeds of such sale, net of any commissions, expenses and taxes due in connection with such sale shall be remitted to the Non-Permitted Holder. The terms and conditions of any sale shall be determined in the sole discretion of the Issuer, and the Issuer shall not be liable to any person having an interest in the Notes sold as a result of any such sale or the exercise of such discretion.

## Legends

The Notes will bear a legend substantially to the following effect unless the Issuer determines otherwise in compliance with applicable law:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”) OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO A “QUALIFIED PURCHASER” (AS DEFINED IN SECTION 2(a)(51) OF, AND RULES 2a51-1, 2a51-2 AND 2a51-3 UNDER, THE INVESTMENT COMPANY ACT) (OR A TRANSFEREE THEREOF THAT IS IDENTIFIED IN RULES 3C-5 AND 3C-6 UNDER THE INVESTMENT COMPANY ACT) THAT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN RELIANCE ON THE EXEMPTION FROM SECURITIES ACT REGISTRATION PROVIDED BY SUCH RULE THAT IS NOT A BROKER-DEALER WHICH OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN U.S.\$25 MILLION IN SECURITIES OF ISSUERS THAT ARE NOT AFFILIATED PERSONS OF THE DEALER AND IS NOT A PLAN REFERRED TO IN PARAGRAPH (A)(1)(i)(D) OR (A)(1)(i)(E) OF RULE 144A OR A TRUST FUND REFERRED TO IN PARAGRAPH (A)(1)(i)(F) OF RULE 144A THAT HOLDS THE ASSETS OF SUCH A PLAN, IF INVESTMENT DECISIONS WITH RESPECT TO THE PLAN ARE MADE BY THE BENEFICIARIES OF THE PLAN OR (B) TO A PERSON THAT IS NOT A “U.S. PERSON” (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT, AND IN EACH CASE IN COMPLIANCE WITH THE CERTIFICATION AND OTHER REQUIREMENTS SPECIFIED IN THE TRUST DEED REFERRED TO HEREIN AND IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAW OF ANY APPLICABLE JURISDICTION.

THE ISSUER HAS THE RIGHT, UNDER THE TRUST DEED, TO COMPEL ANY BENEFICIAL OWNER OF AN INTEREST IN A NOTE THAT IS A U.S. PERSON AND IS NOT BOTH (A) A QUALIFIED PURCHASER AND (B) A QUALIFIED INSTITUTIONAL BUYER TO SELL ITS INTEREST IN THE NOTE, OR MAY SELL SUCH INTEREST ON BEHALF OF SUCH OWNER.

THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A “QUALIFIED PURCHASER” (AS DEFINED IN SECTION 2(a)(51) OF, AND RULES 2a51-1, 2a51-2 AND 2a51-3 UNDER, THE INVESTMENT COMPANY ACT) (OR A TRANSFEREE THEREOF THAT IS IDENTIFIED IN RULES 3C-5 AND 3C-6 UNDER THE INVESTMENT COMPANY ACT) THAT 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 903 OR 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 AND IN THE CASE OF REGULATION S NOTES: 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND

THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATES OF THE ISSUER WERE THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY), ONLY (A) TO THE ISSUER, (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 BOTH A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT) AND A QUALIFIED PURCHASER (AS DEFINED IN SECTION 2(a)(51) OF, AND RULES 2a51-1, 2a51-2 AND 2a51-3 UNDER, THE INVESTMENT COMPANY ACT) (OR A TRANSFEREE THEREOF THAT IS IDENTIFIED IN RULES 3C-5 AND 3C-6 UNDER THE INVESTMENT COMPANY ACT) THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER WHO IS ALSO A QUALIFIED PURCHASER 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 ISSUER'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (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.

ANY TRANSFER, PLEDGE OR OTHER USE OF THIS NOTE FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, A COMMON DEPOSITORY ON BEHALF OF EUROCLEAR AND/OR CLEARSTREAM, HAS AN INTEREST HEREIN, UNLESS THIS NOTE IS PRESENTED BY AN AUTHORISED REPRESENTATIVE OF EUROCLEAR AND/OR CLEARSTREAM, TO THE ISSUER OR THEIR AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF A COMMON DEPOSITORY ON BEHALF OF EUROCLEAR AND/OR CLEARSTREAM OR OF SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORISED REPRESENTATIVE OF EUROCLEAR AND/OR CLEARSTREAM (AND ANY PAYMENT HEREON IS MADE TO A COMMON DEPOSITORY ON BEHALF THEREOF).

TRANSFERS OF THIS NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF EUROCLEAR AND/OR CLEARSTREAM OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE.

TRANSFERS OF THIS NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE TRUST DEED REFERRED TO HEREIN.

PRINCIPAL OF THIS NOTE IS PAYABLE AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL OF THIS NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF.

BY ACCEPTING THIS NOTE (OR AN INTEREST IN THE NOTE 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 THAT 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), (I) 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, (II) AN INDIVIDUAL RETIREMENT ACCOUNT OR OTHER PLAN OR ARRANGEMENT TO WHICH SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), APPLIES, (III) 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 ANY SUCH EMPLOYEE BENEFIT PLAN'S AND/OR PLAN'S INVESTMENT IN SUCH ENTITY (EACH OF (I), (II) AND (III), A "**BENEFIT PLAN INVESTOR**"), OR (IV) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF ERISA) WHICH IS SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAWS OR REGULATIONS THAT ARE SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA 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 ANY SUCH EMPLOYEE BENEFIT PLAN.

EACH HOLDER AND EACH BENEFICIAL OWNER OF THIS NOTE, BY ACQUIRING THIS NOTE OR ITS INTEREST IN THIS NOTE, AS THE CASE MAY BE, SHALL BE DEEMED TO HAVE AGREED TO TREAT, AND SHALL TREAT, THIS NOTE AS DEBT OF THE ISSUER FOR U.S. FEDERAL AND, TO THE EXTENT PERMITTED BY LAW, STATE AND LOCAL INCOME AND FRANCHISE TAX PURPOSES AND SHALL TAKE NO ACTION INCONSISTENT WITH SUCH TREATMENT UNLESS REQUIRED BY ANY RELEVANT TAXING AUTHORITY.

The following legend shall also be included, if applicable:

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.

Noteholders 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 Directors of the Issuer at 3rd Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland, +353 (0)1 614 6240 or ireland@tmf-group.com.

## **INDEPENDENT AUDITORS**

The statutory auditors of Virgin Media are KPMG LLP, independent auditors. The consolidated balance sheets of Virgin Media and its subsidiaries as of December 31, 2015 and 2014 (Successor), and the related consolidated statements of operations, comprehensive earnings (loss), equity and cash flows for the years ended December 31, 2014 and 2015 and the period from June 8, 2013 through December 31, 2013 (Successor), included in this Offering Circular, have been audited by KPMG LLP, 15 Canada Square, London E14 5GL, United Kingdom, as stated in their report appearing herein.

The Issuer's independent auditors are KPMG Ireland, 1 Stokes Place, St. Stephen's Green, Dublin 2, D02 DE03, Ireland, who were appointed pursuant to resolutions of the board of directors of the Issuer passed on May 9, 2016. KPMG Ireland are chartered accountants and are members of the Institute of Chartered Accountants in Ireland (ICAI) and are qualified to practice as independent auditors in Ireland. The opening statement of assets and liabilities and related notes of the Issuer as of its date of incorporation included elsewhere in this Offering Circular has been audited by KPMG Ireland.

## **LISTING AND GENERAL INFORMATION**

### **Clearing Systems**

The Notes sold in offshore transactions in reliance on Regulation S under the Securities Act and represented by the Regulation S Global Note have been accepted for clearance through Euroclear and Clearstream. The Notes sold to persons that are both Qualified Institutional Buyers and Qualified Purchasers in reliance on Rule 144A under the Securities Act and represented by the Rule 144A Global Note have been accepted for clearance through Euroclear and Clearstream.

The Common Codes and ISIN for the Notes are as follows:

#### **Rule 144A Global Note**

Common Code:

ISIN:

#### **Regulation S Global Note**

Common Code:

ISIN:

### **Listing**

Application will be made to the Irish Stock Exchange for the approval of this document as Listing Particulars. Application will be made to the Irish Stock Exchange for the notes to be admitted to the Official List and trading on the Global Exchange Market which is the exchange regulated market of the Irish Stock Exchange. The Global Exchange Market is not a regulated market for the purposes of Directive 2004/39/EC.

The listing of the Notes on the Irish Stock Exchange's Global Exchange Market will be expressed in Euros. Transactions will normally be effected for settlement on the third business day after the day of the transaction.

Notice of any optional redemption or any change in the rate of interest payable on the Notes will be published by the Companies Announcement Office of the Irish Stock Exchange.

The net proceeds of the offering of the Notes together with fees and expenses payable in connection with the Transactions are expected to be £350.0 million.

### **Expenses in relation to Admission to Trading**

The expenses in relation to the admission of the Notes to trading on the Global Exchange Market will be approximately €6,500.

### **Listing Agent**

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the Official List of the Irish Stock Exchange or to trading on the Global Exchange Market of the Irish Stock Exchange.

### **Legal Information Regarding the Issuer**

The Issuer was incorporated in Ireland on February 29, 2016 with registered number 577958 pursuant to the Companies Act 2014 (as amended). The registered office of the Issuer is at 3<sup>rd</sup> Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland. The Issuer's telephone number is +353 1 6146240. The address of the Issuer's directors is 3<sup>rd</sup> Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland.

The authorized share capital of the Issuer is £100 divided into 100 ordinary shares of £1.00 each, one of which is issued and fully paid up, plus £100,000,000 divided into 100,000,000 Class B, non-voting, non-dividend

bearing shares of £1.00 each, 2,000,000 of which will, on the Issue Date, be issued and fully paid up (together with the one ordinary share, the “**Shares**”) and which are held by TMF Management (Ireland) Limited (the “**Share Trustee**”). The Share Trustee holds the Shares on trust for certain charities and charitable institutions according to the terms of the Declaration of Trust executed by the Share Trustee.

The Notes are the obligations of the Issuer alone and not the Share Trustee.

The Issuer’s financial year ends on December 31, of each year.

The Issuer’s independent auditors are KPMG Ireland. Their address is 1 Stokes Place, St. Stephen’s Green, Dublin 2, D02 DE03, Ireland. KPMG Ireland, an Irish partnership, is a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“**KPMG International**”), a Swiss entity. KPMG Ireland are chartered accountants and are members of the Institute of Chartered Accountants in Ireland (ICAI) and are qualified to practice as independent auditors in Ireland. The opening statement of assets and liabilities and related notes of the Issuer as of its date of incorporation included elsewhere in this Offering Circular has been audited by KPMG Ireland.

There are no potential conflicts of interests between any duties to the Issuer of the members of the board of directors of the Issuer and their private interests.

### **Legal Information Regarding Virgin Media**

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. Its authorized share capital is \$10.00 divided into 1,000 shares, par value \$0.01 per share, 111 of which have been issued.

The principal office of Virgin Media is at 1550 Wewatta Street, Suite 1000, Denver, Colorado 80202, USA. Virgin Media is registered with the Colorado Secretary of State under number 20131724019.

Virgin Media’s fiscal year ends on December 31.

### **Legal Information Regarding VMIH**

VMIH is a private limited company incorporated on March 15, 1996 under the laws of England and Wales.

The principal office of VMIH is Media House, Bartley Wood Business Park, Hook, Hampshire, RG27 9UP, United Kingdom. VMIH’s telephone number is +44 1256 752000. VMIH is registered with the Registrar of Companies for England and Wales under number 03173552. VMIH is a wholly-owned indirect subsidiary of Virgin Media.

There has been no significant change in the financial or trading position of VMIH since June 30, 2016 and no material adverse change in the prospects of VMIH since June 30, 2016.

### **The Notes Trustee**

The Notes provide for the Notes Trustee to take action on behalf of the Noteholders in certain circumstances, but only if the Notes Trustee is indemnified and/or secured to its satisfaction. It may not be possible for the Notes Trustee to take certain actions in relation to the Notes and accordingly in such circumstances, the Notes Trustee will be unable to take action, notwithstanding the provision of an indemnity or security to it, and it will be for the Noteholders to take action directly. If the Notes Trustee resigns or is removed, the Issuer will appoint a successor.

### **Consents and Authorizations**

The Issuer has obtained all necessary consents, approvals and authorizations in connection with the issue and performance of the Notes and the Transaction Documents. The issue of the Notes, the creation of the security relating thereto and the entry into of the Transaction Documents and the other relevant documents to which it is a party was authorized by the resolutions of the Board of Directors of the Issuer passed on September 16, 2016.

VMIH has obtained all necessary consents, approvals and authorizations in connection with the entry into and performance of the Framework Assignment Agreement and the other Transaction Documents to which it is a party.

### **No Significant or Material Change**

There has been no significant change in the financial or trading position or prospects of the Issuer since its incorporation on 29 February, 2016 and there has been no material adverse change in the financial position or prospects of the Issuer since its incorporation on 29 February, 2016.

### **No Litigation**

The Issuer is not involved, and has not been involved, in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have or have had since the date of its incorporation a significant effect on the Issuer's financial position or profitability.

### **Accounts**

Since the date of its incorporation, other than its audited opening statement of assets and liabilities and related notes included elsewhere in this Offering Circular, the Issuer has not commenced operations and has not produced accounts.

So long as any Note remains outstanding, copies of the most recent annual audited financial statements of the Issuer can be obtained at the specified offices of the Paying Agent during normal business hours. The first financial statements of the Issuer will be in respect of the period from incorporation to December 31, 2016. The annual accounts of the Issuer will be audited. The Issuer will not prepare interim financial statements.

The Trust Deed requires the Issuer to provide certification to the Notes Trustee on an annual basis and upon request that no Issuer Event of Default, Potential Event of Default (as defined in Condition 1 ("*Definitions and Principles of Construction—General Interpretation*")) or other breach of its obligations under the Trust Deed has occurred.

### **Documents Available**

Copies of the following documents may be inspected in electronic format at the registered offices of the Issuer during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for the term of the Notes:

- (a) the Constitution of the Issuer;
- (b) the Trust Deed;
- (c) the Agency and Account Bank Agreement;
- (d) the Framework Assignment Agreement;
- (e) the Accounts Payable Management Services Agreement;
- (f) the standard form of Discounted Payments Purchase Agreement;
- (g) the Corporate Administration Agreement;
- (h) the New VM Facilities Agreement;
- (i) the Expenses Agreement; and
- (j) the Issue Date Arrangements Agreement.

### **Change of Control**

Irish company law combined with the holding structure of the Issuer, covenants made by the Issuer in the Transaction Documents and the role of the Security Trustee are together intended to prevent any abuse of control of the Issuer. As far as the Issuer is aware, there are currently no arrangements in place which may at a subsequent date result in a change of control of the issuer.



## **Enforceability of Judgments**

The Issuer is a designated activity company incorporated under the laws of Ireland. None of the Directors and officers of the Issuer are residents of the United States, and all or a substantial portion of the assets of the Issuer and such persons may be located outside of the United States at any time. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuer or such persons or to enforce against any of them in the United States courts judgments obtained in United States courts, including judgments predicated upon civil liability provisions of the securities laws of the United States or any State or territory within the United States.

As the United States is not a party to a convention with Ireland in respect of the enforcement of judgments, common law rules apply in order to determine whether a judgment of the United States courts is enforceable in Ireland. A judgment of the United States courts will be enforced by the courts of Ireland if the following general requirements are met:

- (a) the United States courts must have had jurisdiction in relation to the particular defendant according to Irish conflict of law rules (the submission to jurisdiction by the defendant would satisfy this rule); and
- (b) the judgment must be final and conclusive and the decree must be final and unalterable in the court which pronounces it. A judgment can be final and conclusive even if it is subject to appeal or even if an appeal is pending. Where, however, the effect of lodging an appeal under the applicable law is to stay execution of the judgment, it is possible that, in the meantime, the judgment should not be actionable in Ireland. It remains to be determined whether final judgment given in default of appearance is final and conclusive.

However, the Irish courts may refuse to enforce a judgment of the United States courts which meets the above requirements for one of the following reasons:

- (a) if the judgment is not for a definite sum of money;
- (b) if the judgment was obtained by fraud;
- (c) the enforcement of the judgment in Ireland would be contrary to natural or constitutional justice;
- (d) the judgment is contrary to Irish public policy or involves certain United States laws which will not be enforced in Ireland;
- (e) jurisdiction cannot be obtained by the Irish courts over the judgment debtors in the enforcement proceedings by personal service in Ireland or outside Ireland under Order 11 of the Superior Courts Rules; or
- (f) there is no practical benefit to the party in whose favor the foreign judgment is made in seeking to have that judgment enforced in Ireland.

## **Foreign Language**

The language of the Offering Circular is English. Certain legislative references and technical terms have been cited in their original language in order that the correct meaning may be ascribed to them under applicable law.

## **Legal Matters**

Certain legal matters in connection with this offering will be passed upon for Virgin Media and the Issuer by Ropes & Gray International LLP, London, England, as to matters of United States federal, New York law and English law; and (in respect solely for the Issuer) by Arthur Cox, as to matters of the law of Ireland.

Certain legal matters in connection with this offering will be passed upon for the Initial Purchasers by Latham & Watkins (London) LLP, London, England, as to matters of United States federal, New York law and English law; and by A&L Goodbody, as to matters of the law of Ireland.

## GLOSSARY

“**3D**” means three-dimensional.

“**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.

“**ARPU**” means average monthly subscription revenue earned per average RGU.

“**B2B**” means business-to-business.

“**Bandwidth**” means 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**” means a signalling method that includes a relatively wide range of frequencies, which 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**” means a marketing strategy that involves offering several products for sale as one combined product.

“**Digital**” means 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.

“**DOCSIS**” means Data Over Cable Service Interface Specification (DOCSIS), 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.

“**DSL**” means Digital Subscriber Line, 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**” means digital terrestrial television which has signals over terrestrial antennas and other earthbound circuits without any use of satellite.

“**DVR**” means digital video recorder, a device that allows end users to digitally record television programming for later playback.

“**free-to-air**” means the transmission of content for which television viewers are not required to pay a fee for receiving transmissions.

“**FTTC**” or “**Fiber-to-the-cabinet**” means network architecture that uses optical fiber to reach the end user’s street or home in order to deliver broadband internet services.

“**HD**” means high definition television.

“**Headend**” means a master facility for receiving television signals for processing and distribution over a cable television system.

“**IP**” means Internet Protocol, or 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**” means Internet Protocol Television, or the transmission of television content using IP over a network infrastructure, such as a broadband connection.

“**LLU**” means 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**” means long-term evolution.

“**Mbps**” means 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**” means Megahertz (or one million hertz) and is the basic measure of frequency and represents one million cycles per second.

“**MMDS**” means multichannel multipoint (microwave) distribution systems.

“**MNO**” means mobile network operator.

“**MVNO**” means mobile virtual network operator.

“**ODPS**” means On-Demand Programme Service.

“**OTT**” or “**over-the-top**” means over-the-top video content providers, which deliver television signals as a video stream on top of third parties’ broadband internet access services.

“**PPV**” means pay-per-view.

“**RGUs**” means Revenue Generating Units.

“**SD**” means standard definition.

“**SIM**” means subscriber identification module.

“**SME**” means small and medium enterprises.

“**SMS**” means short message service.

“**SOHO**” means small office and home office.

“**SVOD**” means subscription digital cable-on-demand.

“**TLCS**” means television licensable content service.

“**Triple play**” means the offering of digital television, broadband internet and telephony services packaged in a bundle.

“**VoD**” means Video-on-Demand, 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.

“**VoIP**” means voice over IP or the transmission of voice calls via Internet Protocol.

“**Wi-Max**” means Worldwide Interoperability for Microwave Access.

“**WMO**” means wholesale must offer.

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## **Independent Auditors' Report**

The Board of Directors

Virgin Media Receivables Financing Notes I Designated Activity Company

### **Report on the Statement of Assets and Liabilities and Related Notes**

We have audited the accompanying Statement of Assets and Liabilities and Related Notes of Virgin Media Receivables Financing Notes I Designated Activity Company which comprise the opening Statement of Assets and Liabilities and the related footnote disclosures as of 29 February 2016.

#### ***Management's Responsibility for the Statement of Assets and Liabilities and Related Notes***

Management is responsible for the preparation and fair presentation of this Statement of Assets and Liabilities and Related Notes 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 Statement of Assets and Liabilities and Related Notes that are free from material misstatement, whether due to fraud or error.

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on this Statement of Assets and Liabilities and Related Notes 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 Statement of Assets and Liabilities and Related Notes are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement of Assets and Liabilities and Related Notes. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Statement of Assets and Liabilities and Related Notes, 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 Statement of Assets and Liabilities and Related Notes 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 Statement of Assets and Liabilities and Related Notes.

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 Statement of Assets and Liabilities and Related Notes referred to above present fairly, in all material respects, the financial position of Virgin Media Receivables Financing Notes I Designated Activity Company in accordance with U.S. generally accepted accounting principles.

KPMG

15 September 2016



**Virgin Media Receivables Financing Notes I Designated Activity Company**

**(formerly known as UPC Payables Financing Designated Activity Company)**

**Statement of Assets and Liabilities**

**February 29, 2016  
(incorporation date)**

	<b>February 29, 2016</b>
	<hr/>
<b>ASSETS</b>	
Current assets	
Receivables .....	€ 1
Total current assets .....	<hr/> 1
Total assets .....	<hr/> € 1 <hr/>
<b>LIABILITIES &amp; SHAREHOLDER'S EQUITY</b>	
Shareholder's equity	
Common stock (par value €1; authorized 100 shares; issued and fully paid up 1 share) .....	€ 1
Total shareholder's equity .....	<hr/> 1
Total liabilities and shareholder's equity .....	<hr/> € 1 <hr/>

The accompanying notes are an integral part of these Statement of Assets and Liabilities and Related Notes

**Virgin Media Receivables Financing Notes I Designated Activity Company  
(formerly known as UPC Payables Financing Designated Activity Company)  
Notes to the Statement of Assets and Liabilities and Related Notes  
February 29, 2016**

**1. Basis of Presentation**

Virgin Media Receivables Financing Notes I Designated Activity Company (formerly known as UPC Payables Financing Designated Activity Company) (the “Company” or “Virgin Media Receivables”) was incorporated on February 29, 2016 as a private designated activity company under the laws of Ireland with the registration number 577958.

On August 23, 2016 the Company changed its name from UPC Payables Financing Designated Activity Company to Virgin Media Receivables Financing Notes I Designated Activity Company.

The Company is a special purpose entity which engages in limited activities, and is managed by its directors.

As permitted by its constitution, the business of the Company is:

- (a) to finance and re-finance loans, securities or notes and other financial instruments;
- (b) to purchase, acquire, holding or participate in or manage any form of assets;
- (c) to carry on a treasury business;
- (d) to carry on business and to act as merchants, financiers, investors and to carry on any other businesses;
- (e) to raise or borrow money on such terms and in such manner as the directors of the Company think fit; and
- (f) to do all that is connected therewith or may be conducive thereto, all to be interpreted in the broadest sense.

These Statement of Assets and Liabilities and Related Notes reflect our evaluation of the accounting treatment and disclosures of subsequent events through September 05, 2016, the date of issuance.

**2. Summary of Significant Accounting Policies**

***Estimates***

The preparation of the Statement of Assets and Liabilities and Related Notes, in accordance with generally accepted principles in the United States of America, requires management to make estimates and assumptions that affect the amounts reported in the Statement of Assets and Liabilities and Related Notes and accompanying notes. Actual results could differ from those estimates.

***Functional currency***

The functional currency of the Company on incorporation is the Euro (“€”).

***Receivables***

Receivables are initially measured at fair value. They are subsequently re-measured at amortized cost.

***Statement of operations***

These Statement of Assets and Liabilities and Related Notes do not include a statement of operations because the Company has not (i) earned any revenue or income, or (ii) incurred any expenses through February 29, 2016.

***Statement of cash flows***

These Statement of Assets and Liabilities and Related Notes do not include a statement of cash flows because the Company has no cash flows for the financial period ended February 29, 2016.

**Virgin Media Receivables Financing Notes I Designated Activity Company  
(formerly known as UPC Payables Financing Designated Activity Company)  
Notes to the Statement of Assets and Liabilities and Related Notes — (Continued)  
February 29, 2016**

**3. Shareholder's equity**

The Company has authorized share capital of 100 ordinary shares with €1.00 par value. As of February 29, 2016 (incorporation date), one share was issued, which is held by TMF Management (Ireland) Limited.

**4. Income taxes**

The Company has not commenced operations as at February 29, 2016. Accordingly, no provision for income taxes has been recorded by the Company, or reflected in these Statement of Assets and Liabilities and Related Notes.

The Company's activities will be limited to the issuance of secured debt to finance the purchases of account receivables. It is not anticipated that it will generate any taxable profits on those activities. The result before taxes will be subject to Irish corporate income tax.

**5. Commitments and contingent liabilities**

The directors have determined that no commitments existed as at February 29, 2016 and are also satisfied that no contingent liabilities existed at the Statement of Assets and Liabilities date.

**6. Subsequent events**

On April 8, 2016, the shareholder of the Company passed a resolution to increase the authorised share capital of the Company from €100 ordinary shares ("Ordinary Shares") divided into 100 Ordinary Shares of €1 each to €1,000,100 divided into 100 Ordinary Shares of €1 each and 1,000,000 "B" Shares ("B Shares") of €1 each by the creation of an additional 1,000,000 B Shares of €1 each, each as a new class of shares. Class B Shares shall not carry any entitlement to receive a dividend, rank higher than Ordinary Shares in distribution of surplus assets, if any, upon a winding up and shall not entitled to receive notice of or attend at any meeting of the Company or vote on any resolution of the Company.

Subsequent to the Statement of Assets and Liabilities date, the directors approved the proposed transaction for the Company to issue Notes with a nominal value of approximately £350,000,000, which shall be listed on the Irish Stock Exchange and have a due date of 2024. It is anticipated that the proceeds of these Notes will be used to fund the purchase of accounts receivable from Virgin Media Investment Holding Limited. It is anticipated that these Notes shall be issued on September 19, 2016.

On August 23, 2016, the shareholder of the Company passed a resolution to approve the following:

- (a) the creation of 100 ordinary shares and 100,000,000 class B shares in Pounds Sterling ("GBP"), with each class of share having a nominal value of GBP1;
- (b) the issue of one share of GBP1 (the "Issue") for the purposes of the acquisition of the one share of €1 currently in issue;
- (c) the buy-back of one share of €1, the payment being made from the proceeds of the Issue, and the cancellation of that one share of €1; and
- (d) the cancellation of the ordinary shares and class B shares denominated in Euro.

**VIRGIN MEDIA INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**(unaudited)**

	<b>June 30, 2016</b>	<b>December 31, 2015</b>
	<b>in millions</b>	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents . . . . .	£ 28.4	£ 20.2
Trade receivables, net . . . . .	524.9	494.6
Related-party receivables (note 10) . . . . .	53.5	45.4
Derivative instruments (notes 4 and 10) . . . . .	96.6	61.2
Prepaid expenses (note 10) . . . . .	51.5	39.1
Other current assets . . . . .	54.4	37.6
Total current assets . . . . .	809.3	698.1
Property and equipment, net (note 6) . . . . .	5,814.8	5,861.2
Goodwill (note 6) . . . . .	5,989.5	5,966.6
Intangible assets subject to amortization, net (note 6) . . . . .	1,423.8	1,604.1
Deferred income taxes . . . . .	1,416.3	1,430.7
Related-party notes receivable (note 10) . . . . .	4,012.1	3,385.1
Other assets, net (notes 4 and 10) . . . . .	1,004.5	452.4
Total assets . . . . .	£ 20,470.3	£ 19,398.2

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

**VIRGIN MEDIA INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS — (Continued)**  
**(unaudited)**

	<b>June 30, 2016</b>	<b>December 31, 2015</b>
	<b>in millions</b>	
<b>LIABILITIES AND OWNERS' EQUITY</b>		
Current liabilities:		
Accounts payable (note 10) . . . . .	£ 335.2	£ 345.8
Deferred revenue and advanced payments from subscribers and others . . . . .	392.6	383.0
Current portion of debt and capital lease obligations (note 7) . . . . .	483.6	745.9
Accrued interest . . . . .	177.0	183.6
Value-added taxes (VAT) payable . . . . .	116.0	111.5
Accrued capital expenditures (note 10) . . . . .	113.0	100.9
Derivative instruments (note 4) . . . . .	97.4	101.2
Other accrued and current liabilities (note 10) . . . . .	397.9	356.7
Total current liabilities . . . . .	2,112.7	2,328.6
Long-term debt and capital lease obligations (note 7):		
Third-party . . . . .	10,566.8	9,357.4
Related-party (note 10) . . . . .	86.1	72.0
Other long-term liabilities (note 4) . . . . .	379.5	180.8
Total liabilities . . . . .	13,145.1	11,938.8
Commitments and contingencies (notes 4, 7, 8 and 11)		
Owners' equity:		
Parent's equity:		
Additional paid-in capital . . . . .	8,321.8	8,359.7
Accumulated deficit . . . . .	(1,031.9)	(943.0)
Accumulated other comprehensive earnings, net of taxes . . . . .	90.0	90.9
Total parent's equity . . . . .	7,379.9	7,507.6
Noncontrolling interest . . . . .	(54.7)	(48.2)
Total owners' equity . . . . .	7,325.2	7,459.4
Total liabilities and owners' equity . . . . .	£ 20,470.3	£ 19,398.2

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



**VIRGIN MEDIA INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(unaudited)**

	<b>Three months ended June 30,</b>		<b>Six months ended June 30,</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>in millions</b>			
Revenue (note 12) . . . . .	<u>£ 1,197.2</u>	<u>£ 1,147.7</u>	<u>£ 2,375.1</u>	<u>£ 2,277.5</u>
Operating costs and expenses:				
Operating (other than depreciation and amortization)				
(note 10) . . . . .	524.7	480.8	1,029.3	964.3
Selling, general and administrative (SG&A) (including share-				
based compensation) (notes 9 and 10) . . . . .	146.4	148.0	305.9	301.0
Related-party fees and allocations, net (note 10) . . . . .	36.7	14.9	61.4	34.0
Depreciation and amortization . . . . .	401.2	392.5	798.0	774.4
Impairment, restructuring and other operating items, net . . . . .	9.2	7.9	12.4	2.8
	<u>1,118.2</u>	<u>1,044.1</u>	<u>2,207.0</u>	<u>2,076.5</u>
Operating income . . . . .	<u>79.0</u>	<u>103.6</u>	<u>168.1</u>	<u>201.0</u>
Non-operating income (expense):				
Interest expense:				
Third-party . . . . .	(140.0)	(127.2)	(274.9)	(250.6)
Related-party (note 10) . . . . .	(1.1)	—	(2.1)	(5.6)
Interest income — related-party (note 10) . . . . .	68.6	58.6	132.8	117.2
Realized and unrealized gains (losses) on derivative				
instruments, net (notes 4 and 10) . . . . .	352.5	(246.0)	376.6	(41.2)
Foreign currency transaction gains (losses), net . . . . .	(427.3)	280.5	(536.4)	37.6
Unrealized gains due to changes in fair values of certain debt,				
net (notes 5 and 7) . . . . .	11.2	—	11.2	—
Losses on debt modification and extinguishment, net . . . . .	—	(9.2)	—	(29.4)
Other income (expense), net . . . . .	0.5	(0.2)	1.1	(0.4)
	<u>(135.6)</u>	<u>(43.5)</u>	<u>(291.7)</u>	<u>(172.4)</u>
Earnings (loss) before income taxes . . . . .	(56.6)	60.1	(123.6)	28.6
Income tax benefit (expense) (note 8) . . . . .	18.1	(15.0)	32.2	(8.2)
Net earnings (loss) . . . . .	(38.5)	45.1	(91.4)	20.4
Net loss attributable to noncontrolling interest . . . . .	1.5	2.5	2.5	3.3
Net earnings (loss) attributable to parent . . . . .	<u>£ (37.0)</u>	<u>£ 47.6</u>	<u>£ (88.9)</u>	<u>£ 23.7</u>

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

**VIRGIN MEDIA INC.**

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS (LOSS)**  
(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
	in millions			
Net earnings (loss) . . . . .	£ (38.5)	£ 45.1	£ (91.4)	£ 20.4
Other comprehensive earnings (loss), net of taxes:				
Foreign currency translation adjustments . . . . .	0.1	(37.7)	(7.1)	8.1
Pension liability adjustments . . . . .	—	0.4	—	0.4
Other comprehensive earnings (loss) . . . . .	0.1	(37.3)	(7.1)	8.5
Comprehensive earnings (loss) . . . . .	(38.4)	7.8	(98.5)	28.9
Comprehensive loss (earnings) attributable to noncontrolling interest . . . . .	4.3	1.5	8.7	(1.1)
Comprehensive earnings (loss) attributable to parent . . . . .	£ (34.1)	£ 9.3	£ (89.8)	£ 27.8

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

**VIRGIN MEDIA INC.**  
**CONDENSED CONSOLIDATED STATEMENT OF OWNERS' EQUITY**  
**(unaudited)**

	<b>Parent's equity</b>					
	<b>Additional paid-in capital</b>	<b>Accumulated deficit</b>	<b>Accumulated other comprehensive earnings, net of taxes</b>	<b>Total parent's equity</b>	<b>Non- controlling interest</b>	<b>Total owners' equity</b>
	<b>in millions</b>					
Balance at January 1, 2016 .....	£ 8,359.7	£ (943.0)	£ 90.9	£7,507.6	£ (48.2)	£7,459.4
Net loss .....	—	(88.9)	—	(88.9)	(2.5)	(91.4)
Other comprehensive loss, net of taxes .....	—	—	(0.9)	(0.9)	(6.2)	(7.1)
Transfer of tax assets (note 8) .....	(43.1)	—	—	(43.1)	—	(43.1)
Share-based compensation (note 9) ..	12.5	—	—	12.5	0.1	12.6
Capital charge in connection with the exercise or vesting of share-based incentive awards (note 10) .....	(11.6)	—	—	(11.6)	(0.1)	(11.7)
Deemed contribution of technology-related services (note 10) .....	4.1	—	—	4.1	2.2	6.3
Other .....	0.2	—	—	0.2	—	0.2
Balance at June 30, 2016 .....	<u>£ 8,321.8</u>	<u>£ (1,031.9)</u>	<u>£ 90.0</u>	<u>£7,379.9</u>	<u>£ (54.7)</u>	<u>£7,325.2</u>

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

**VIRGIN MEDIA INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(unaudited)**

	Six months ended June 30,	
	2016	2015
	in millions	
Cash flows from operating activities:		
Net earnings (loss) .....	£ (91.4)	£ 20.4
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:		
Share-based compensation expense .....	13.7	17.2
Related-party fees and allocations, net .....	61.4	34.0
Depreciation and amortization .....	798.0	774.4
Impairment, restructuring and other operating items, net .....	12.4	2.8
Amortization of deferred financing costs and non-cash interest accretion ...	5.2	6.1
Realized and unrealized losses (gains) on derivative instruments, net .....	(376.6)	41.2
Foreign currency transaction losses (gains), net .....	536.4	(37.6)
Unrealized gains due to changes in fair values of certain debt, net .....	(11.2)	—
Losses on debt modification and extinguishment, net .....	—	29.4
Deferred income tax expense (benefit) .....	(35.5)	7.0
Changes in operating assets and liabilities, net of the effects of an acquisition and dispositions .....	(85.1)	(48.2)
Net cash provided by operating activities .....	<u>827.3</u>	<u>846.7</u>
Cash flows from investing activities:		
Cash paid in connection with the VM Ireland Acquisition .....	—	(993.8)
Advances to related parties, net .....	(564.0)	(136.6)
Capital expenditures .....	(293.7)	(296.8)
Other investing activities, net .....	0.6	6.0
Net cash used by investing activities .....	<u>£ (857.1)</u>	<u>£ (1,421.2)</u>

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

**VIRGIN MEDIA INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS — (Continued)**  
**(unaudited)**

	Six months ended June 30,	
	2016	2015
	in millions	
Cash flows from financing activities:		
Borrowings of third-party debt .....	£ 1,829.0	£ 2,544.6
Repayments and repurchases of third-party debt and capital lease obligations .....	(1,812.5)	(1,940.5)
Net cash received (paid) related to derivative instruments .....	9.8	(17.0)
Payment of financing costs and debt premiums .....	(6.0)	(27.2)
Other financing activities, net .....	14.4	(4.9)
Net cash provided by financing activities .....	34.7	555.0
Effect of exchange rate changes on cash and cash equivalents .....	3.3	2.3
Net increase (decrease) in cash and cash equivalents .....	8.2	(17.2)
Cash and cash equivalents:		
Beginning of period .....	20.2	36.6
End of period .....	£ 28.4	£ 19.4
Cash paid for interest .....	£ 285.5	£ 247.0
Net cash paid for taxes .....	£ 1.9	£ 2.2

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



**VIRGIN MEDIA INC.**  
**Notes to Condensed Consolidated Financial Statements**  
**June 30, 2016**  
**(unaudited)**

**(1) Basis of Presentation**

***General***

Virgin Media Inc. (**Virgin Media**) is a provider of video, broadband internet, fixed-line telephony and mobile services to consumers and businesses in the United Kingdom (**U.K.**) and Ireland. Virgin Media is a wholly-owned subsidiary of Liberty Global plc (**Liberty Global**). In these notes, the terms “we,” “our,” “our company” and “us” may refer, as the context requires, to Virgin Media or collectively to Virgin Media and its subsidiaries.

During the first quarter of 2015, Liberty Global undertook various financing transactions in connection with certain internal reorganizations of its broadband and wireless communications businesses in Europe. As part of these reorganizations, on February 12, 2015, we acquired a 65.0% controlling interest in Virgin Media Ireland Ltd. (**VM Ireland**) and its subsidiaries from a subsidiary of Liberty Global outside of the Virgin Media borrowing group (the **VM Ireland Acquisition**). The remaining 35.0% noncontrolling interest in VM Ireland was acquired by another subsidiary of Liberty Global outside of the Virgin Media borrowing group. We accounted for the VM Ireland Acquisition as a common control transfer at carryover basis and, accordingly, our consolidated financial statements were retrospectively revised to give effect to this transaction as of June 7, 2013, the earliest date that Virgin Media and VM Ireland were under the common control of Liberty Global. For additional information regarding the common control transaction, see note 3.

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 our 2015 consolidated financial statements and notes thereto included in our 2015 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 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 June 30, 2016.

Certain prior period amounts have been reclassified to conform to the current period presentation, including the reclassification of deferred financing costs from other long-term assets to long-term debt and capital lease obligations and the reclassification of certain costs between operating and SG&A expenses. For additional information regarding the change in the classification of deferred financing costs, see note 2.

These condensed consolidated financial statements reflect our consideration of the accounting and disclosure implications of subsequent events through August 18, 2016, the date of issuance.

***Alignment of Accounting Policies***

Our accounting policy is to generally defer upfront installation fees on our business-to-business (**B2B**) contracts and recognize the associated revenue over the contractual term of the arrangement. Prior to becoming a subsidiary of Liberty Global in 2013, 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.

**VIRGIN MEDIA INC.**  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**June 30, 2016**  
**(unaudited)**

The following table provides a rollforward of our deferred revenue for installation services provided to customers with B2B contracts during the six months ended June 30, 2016 (in millions):

Balance at January 1, 2016 .....	£	78.5
Amounts deferred for completed installation services (a) .....		6.8
Amortization of deferred revenue over contract life .....		(9.9)
Balance at March 31, 2016 .....		75.4
Amounts deferred for completed installation services (a) .....		8.0
Amortization of deferred revenue over contract life .....		(10.6)
Balance at June 30, 2016 .....	£	<u>72.8</u>

(a) Represents amounts that would have been recognized upfront as installation revenue under our policy prior to becoming a subsidiary of Liberty Global.

**(2) Accounting Changes and Recent Accounting Pronouncements**

***Accounting Changes***

In April 2015, the Financial Accounting Standards Board (**FASB**) issued Accounting Standards Update (**ASU**) No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs (ASU 2015-03)*, which requires debt issuance costs related to a recognized debt liability to be presented on the balance sheet as a direct deduction from the debt liability, similar to the presentation of debt discounts. ASU 2015-03 is effective for annual reporting periods beginning after December 15, 2015. We adopted ASU 2015-03 on January 1, 2016 and, accordingly, deferred financing costs are presented as a reduction of debt in our June 30, 2016 and December 31, 2015 condensed consolidated balance sheets. Prior to the adoption of ASU 2015-03, we presented deferred financing costs in other assets, net.

***Recent Accounting Pronouncements***

In May 2014, the FASB issued ASU 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, as amended by ASU No. 2015-14, will replace existing revenue recognition guidance when it becomes effective for annual reporting periods beginning after December 15, 2018. Early application is permitted for annual and interim reporting periods that begin after December 15, 2016. This new standard permits the use of either the retrospective or cumulative effect transition method. We intend to adopt ASU 2014-09 effective January 1, 2018, and 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.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (ASU 2016-02)*, which, for most leases, will result in lessees recognizing lease assets and lease liabilities on the balance sheet with additional disclosures about leasing arrangements. ASU 2016-02 requires lessees and lessors to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The modified retrospective approach also includes a number of optional practical expedients an entity may elect to apply. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2019, with early adoption permitted. We intend to adopt ASU 2016-02 effective January 1, 2019, and we are currently evaluating the effect that ASU 2016-02 will have on our consolidated financial statements and related disclosures.

In March 2016, the FASB issued ASU No. 2016-09, *Compensation — Stock Compensation, Improvements to Employee Share-Based Payment Accounting (ASU 2016-09)*, which simplifies several aspects of the accounting for share-based payment transactions, including income tax consequences, classification of awards as either equity or liabilities and classification within the statement of cash flows. ASU 2016-09 is effective for

**VIRGIN MEDIA INC.**  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**June 30, 2016**  
**(unaudited)**

annual reporting periods beginning after December 15, 2017, with early adoption permitted. We intend to adopt ASU 2016-09 effective January 1, 2017, and we are currently evaluating the effect that ASU 2016-09 will have on our consolidated financial statements and related disclosures.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments — Credit Losses (ASU 2016-13)*, which changes the way entities measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net earnings. ASU 2016-13 is effective for annual reporting periods beginning after December 15, 2020, with early adoption permitted. We intend to adopt ASU 2016-13 effective January 1, 2020, and we are currently evaluating the effect that ASU 2016-13 will have on our consolidated financial statements and related disclosures.

**(3) Common Control Transfer**

As further described in note 1, we completed the VM Ireland Acquisition in February 2015. We accounted for this common control transfer at carryover basis.

In connection with the VM Ireland Acquisition, we (i) paid aggregate cash consideration of €1,341.3 million (£993.8 million at the transaction date) to acquire (a) the controlling interest in VM Ireland, as described in note 1, and (b) another Liberty Global's subsidiary's right to receive €634.3 million (£470.0 million at the transaction date) from a VM Ireland subsidiary pursuant to a promissory note (the **VM Ireland Note**) and (ii) received a €165.6 million (£122.7 million at the transaction date) cash payment from Liberty Global Europe 2 Limited (**LG Europe 2**), our immediate parent, on the 2023 8.5% LG Europe 2 Notes Receivable (as defined and described in note 10). The €1,341.3 million (£993.8 million at the transaction date) of consideration issued in connection with the VM Ireland Acquisition was recorded as a capital transaction during the first quarter of 2015. Following our February 2015 acquisition of the right to receive €634.3 million (£470.0 million at the transaction date) pursuant to the VM Ireland Note, the amounts receivable and payable pursuant to the VM Ireland Note eliminate in consolidation.

**(4) Derivative Instruments**

In general, we seek to enter into derivative instruments to protect against (i) increases in the interest rates on our variable-rate debt, (ii) foreign currency movements, particularly with respect to borrowings that are denominated in a currency other than the functional currency of the borrowing entity and (iii) equity exposure with respect to the dilutive effects of the 6.50% convertible senior notes (the **VM Convertible Notes**). In this regard, we have entered into various derivative instruments to manage interest rate exposure and foreign currency exposure with respect to the United States (U.S.) dollar (\$) and the euro (€). We do not apply hedge accounting to our derivative instruments. Accordingly, 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.

**VIRGIN MEDIA INC.**  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**June 30, 2016**  
**(unaudited)**

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

	June 30, 2016			December 31, 2015		
	Current	Long-term (a)	Total	Current	Long-term (a)	Total
	in millions					
Assets:						
Cross-currency and interest rate derivative contracts (b) . . . . .	£ 63.2	£ 781.9	£ 845.1	£ 37.1	£ 272.9	£ 310.0
Equity-related derivative instruments (c) . . . . .	26.8	—	26.8	23.5	—	23.5
Foreign currency forward contracts — related-party . . .	6.6	9.5	16.1	0.6	—	0.6
Total . . . . .	<u>£ 96.6</u>	<u>£ 791.4</u>	<u>£ 888.0</u>	<u>£ 61.2</u>	<u>£ 272.9</u>	<u>£ 334.1</u>
Liabilities:						
Cross-currency and interest rate derivative contracts (b) . . . . .	£ 32.3	£ 228.4	£ 260.7	£ 29.1	£ 26.8	£ 55.9
Equity-related derivative instruments (c) . . . . .	65.1	—	65.1	72.1	—	72.1
Total . . . . .	<u>£ 97.4</u>	<u>£ 228.4</u>	<u>£ 325.8</u>	<u>£ 101.2</u>	<u>£ 26.8</u>	<u>£ 128.0</u>

- (a) 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 June 30, 2016 and December 31, 2015, (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 £46.6 million and £8.2 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 £13.8 million and £1.3 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 a net gain (loss) of (£21.7 million) and £20.8 million during the three months ended June 30, 2016 and 2015, respectively, and a net gain (loss) of (£25.9 million) and £9.9 million during the six months ended June 30, 2016 and 2015, respectively. These amounts are included in realized and unrealized gains (losses) on derivative instruments, net, in our condensed consolidated statements of operations. For further information regarding our fair value measurements, see note 5.
- (c) The fair value of our (i) equity-related derivative assets relates to conversion hedges (the **Virgin Media Capped Calls**) we entered into during 2010 in order to offset a portion of the dilutive effects associated with the exchange of certain of our exchangeable notes and (ii) equity-related derivative liabilities relates to the derivative embedded in the VM Convertible Notes.

**VIRGIN MEDIA INC.**  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**June 30, 2016**  
**(unaudited)**

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

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
	in millions			
Cross-currency and interest rate derivative contracts . . . . .	£ 337.7	£ (244.3)	£ 354.4	£ (30.3)
Equity-related derivative instruments . . . . .	7.7	(1.9)	14.5	(3.4)
Foreign currency forward contracts — related-party . . . . .	7.1	0.2	7.7	(7.5)
Total . . . . .	<u>£ 352.5</u>	<u>£ (246.0)</u>	<u>£ 376.6</u>	<u>£ (41.2)</u>

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 net cash inflows (outflows) is as follows:

	Six months ended June 30,	
	2016	2015
	in millions	
Operating activities . . . . .	£ 6.6	£ (21.1)
Financing activities . . . . .	9.8	(17.0)
Total . . . . .	<u>£ 16.4</u>	<u>£ (38.1)</u>

***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. Collateral is generally not posted by either party under our derivative instruments. At June 30, 2016, our exposure to counterparty credit risk included derivative assets with an aggregate fair value of £873.5 million.

**Details of our Derivative Instruments**

In the following tables, we present the details of the various categories of our subsidiary's derivative instruments. The notional amounts 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 June 30, 2016, we present a single date that represents the applicable final maturity date. For derivative instruments that become effective subsequent to June 30, 2016, we present a range of dates that represents the period covered by the applicable derivative instruments.



**VIRGIN MEDIA INC.**  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**June 30, 2016**  
**(unaudited)**

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

*Cross-currency Swaps:*

The terms of our outstanding cross-currency swap contracts at June 30, 2016, which are held by our subsidiary, Virgin Media Investment Holdings Limited (VMIH), are as follows:

<b>Final maturity date</b>	<b>Notional amount due from counterparty</b>	<b>Notional amount due to counterparty</b>	<b>Interest rate due from counterparty</b>	<b>Interest rate due to counterparty</b>
<b>in millions</b>				
January 2023 .....	\$ 400.0	€ 339.6	5.75%	4.33%
February 2022 (a) .....	\$ 2,208.5	£ 1,378.7	3.29%	3.61%
June 2023 .....	\$ 1,855.0	£ 1,198.3	6 mo. U.S. LIBOR + 2.75%	6 mo. LIBOR + 3.18%
January 2023 .....	\$ 1,000.0	£ 648.6	5.25%	5.32%
August 2024 .....	\$ 750.0	£ 527.0	5.50%	5.46%
April 2023 (a) .....	\$ 480.0	£ 299.1	1.55%	1.78%
February 2022 — April 2023 ..	\$ 475.0	£ 295.6	4.88%	5.32%
October 2022 .....	\$ 450.0	£ 272.0	6.00%	6.43%
January 2021 .....	\$ 447.9	£ 276.7	5.25%	6 mo. LIBOR + 2.06%
January 2022 .....	\$ 425.0	£ 255.8	5.50%	4.86%
January 2022 — January 2025 .....	\$ 425.0	£ 255.8	3 mo. U.S. LIBOR	4.86%
April 2019 .....	\$ 191.5	£ 122.3	5.38%	5.49%
April 2019 — February 2022 ..	\$ 191.5	£ 122.3	5.38%	5.54%
October 2019 .....	\$ 100.0	£ 65.4	7.19%	7.23%
November 2016 (a) .....	\$ 55.0	£ 27.7	6.50%	7.03%
October 2019 — October 2022 .....	\$ 50.0	£ 30.7	6.00%	5.75%
October 2019 — April 2023 ...	\$ 50.0	£ 30.3	6.38%	6.84%
October 2019 (a) .....	£ 30.3	\$ 50.0	2.14%	2.00%

- (a) Unlike the other cross-currency swaps presented in this table, the identified cross-currency swaps do not involve the exchange of notional amounts at the inception and maturity of the instruments. Accordingly, the only cash flows associated with these derivative instruments are interest payments and receipts.

*Interest Rate Swaps:*

The terms of our outstanding interest rate swap contracts at June 30, 2016, which are held by VMIH, are as follows:

<b>Final maturity date</b>	<b>Notional amount</b>	<b>Interest rate due from counterparty</b>	<b>Interest rate due to counterparty</b>
<b>in millions</b>			
June 2023 .....	£ 1,257.7	6 mo. LIBOR + 0.93%	2.48%
October 2018 .....	£ 1,198.3	6 mo. LIBOR	1.52%
October 2018 — June 2023 .....	£ 1,198.3	6 mo. LIBOR	2.49%
January 2021 .....	£ 905.1	6 mo. LIBOR + 0.71%	2.37%
January 2021 .....	£ 628.4	5.50%	6 mo. LIBOR + 1.84%
February 2022 .....	£ 140.6	5.83%	6 mo. LIBOR + 4.72%
April 2023 .....	£ 108.9	6.85%	6 mo. LIBOR + 5.62%
June 2022 .....	£ 100.0	6 mo. LIBOR	1.54%
October 2022 .....	£ 51.5	6.42%	6 mo. LIBOR + 5.23%

**VIRGIN MEDIA INC.**  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**June 30, 2016**  
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***Foreign Currency Forward Contracts – Related-party***

The following table summarizes the foreign currency forward contracts between VMIH and Liberty Global Europe Financing BV (**LGE Financing**), a subsidiary of Liberty Global, at June 30, 2016:

<u>Maturity dates</u>	<u>Currency purchased forward</u>	<u>Currency sold forward</u>
	in millions	
July 2016 — December 2018 .....	\$ 125.5	£ 86.0
July 2016 — December 2018 .....	€ 129.0	£ 101.0

**(5) Fair Value Measurements**

We use the fair value method to account for (i) our derivative instruments and (ii) certain instruments that we classify as debt. The reported fair values of these instruments as of June 30, 2016 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 into or out of Levels 1, 2 or 3 at the beginning of the quarter during which the transfer occurred. During the six months ended June 30, 2016, 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 derivative instruments 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 derivative instruments 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 June 30, 2016, the valuations of the Virgin Media Capped Calls and the derivative embedded in the VM Convertible Notes were not significantly impacted by forecasted volatilities.

In order to manage our interest rate and foreign currency exchange risk, we have entered into (i) various derivative instruments and (ii) certain instruments that we classify as debt, as further described in note 4. The recurring fair value measurements of these 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 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

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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, and these inputs are used to derive the credit risk valuation adjustments with respect to these instruments. As we would not expect changes in our or our counterparties' credit spreads to have a significant impact on the valuations of these 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 and certain of our debt are quantified and further explained in notes 4 and 7.

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 relationship, contributory asset charges and other factors. Tangible assets are typically valued using a replacement or reproduction cost approach, considering factors such as current prices of the same or similar equipment, the age of the equipment and economic obsolescence. 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 six months ended June 30, 2016 and 2015, we did not perform any significant nonrecurring fair value measurements.

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

<u>Description</u>	<u>June 30, 2016</u>	<b>Fair value measurements at June 30, 2016 using:</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>(Level 1)</b>	<b>(Level 2)</b>	<b>(Level 3)</b>
		<b>in millions</b>		
<b>Assets — derivative instruments:</b>				
Cross-currency and interest rate derivative contracts . . . . .	£ 845.1	£ —	£ 845.1	£ —
Equity-related derivative instruments . . . . .	26.8	—	—	26.8
Foreign currency forward contracts — related-party . . . . .	16.1	—	16.1	—
Total assets . . . . .	<u>£ 888.0</u>	<u>£ —</u>	<u>£ 861.2</u>	<u>£ 26.8</u>
<b>Liabilities:</b>				
<b>Derivative instruments:</b>				
Cross-currency and interest rate derivative contracts . . . . .	£ 260.7	£ —	£ 260.7	£ —
Equity-related derivative instruments . . . . .	65.1	—	—	65.1
Total derivative liabilities . . . . .	325.8	—	260.7	65.1
Debt . . . . .	65.5	—	65.5	—
Total liabilities . . . . .	<u>£ 391.3</u>	<u>£ —</u>	<u>£ 326.2</u>	<u>£ 65.1</u>

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Description	December 31, 2015	Fair value measurements at December 31, 2015 using:		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		in millions		
Assets — derivative instruments:				
Cross-currency and interest rate derivative contracts . . . . .	£ 310.0	£ —	£ 310.0	£ —
Equity-related derivative instruments . . . . .	23.5	—	—	23.5
Foreign currency forward contracts — related-party . . . . .	0.6	—	0.6	—
Total assets . . . . .	£ 334.1	£ —	£ 310.6	£ 23.5
Liabilities — derivative instruments:				
Cross-currency and interest rate derivative contracts . . . . .	£ 55.9	£ —	£ 55.9	£ —
Equity-related derivative instruments . . . . .	72.1	—	—	72.1
Total liabilities . . . . .	£ 128.0	£ —	£ 55.9	£ 72.1

**(6) Long-lived Assets**

***Property and Equipment, Net***

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

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
	in millions	
Distribution systems .....	£ 6,651.8	£ 6,344.3
Customer premises equipment .....	1,683.7	1,543.7
Support equipment, buildings and land .....	1,134.9	1,023.4
	9,470.4	8,911.4
Accumulated depreciation .....	(3,655.6)	(3,050.2)
Total property and equipment, net .....	<u>£ 5,814.8</u>	<u>£ 5,861.2</u>

During the six months ended June 30, 2016 and 2015, we recorded non-cash increases to our property and equipment related to vendor financing arrangements of £237.0 million and £150.8 million, respectively, which exclude related VAT of £40.1 million and £19.9 million, respectively, that were also financed by our vendors under these arrangements. In addition, during the six months ended June 30, 2016 and 2015, we recorded non-cash increases to our property and equipment related to assets acquired under capital leases of £5.4 million and £12.9 million, respectively.

***Goodwill***

The change in the carrying amount of our goodwill during the six months ended June 30, 2016 is set forth below (in millions):

Balance at January 1, 2016 .....	£ 5,966.6
Foreign currency translation adjustments .....	22.9
Balance at June 30, 2016 .....	<u>£ 5,989.5</u>

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

The details of our intangible assets subject to amortization are set forth below:

	June 30, 2016			December 31, 2015		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
	in millions					
Customer relationships	£2,522.6	£ (1,115.1)	£1,407.5	£2,522.3	£ (933.0)	£1,589.3
Trademark	16.9	(0.6)	16.3	14.9	(0.1)	14.8
Total	<u>£2,539.5</u>	<u>£ (1,115.7)</u>	<u>£1,423.8</u>	<u>£2,537.2</u>	<u>£ (933.1)</u>	<u>£1,604.1</u>

**(7) Debt and Capital Lease Obligations**

The pound sterling equivalents of the components of our consolidated third-party debt and capital lease obligations are as follows:

	June 30, 2016		Estimated fair value (b)		Principal amount	
	Weighted average interest rate (a)	Unused borrowing capacity	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
	in millions					
Third-party debt:						
Parent:						
VM Convertible						
Notes (c)	6.50%	£ —	£ 107.0	£ 110.5	£ 41.3	£ 37.2
Subsidiaries:						
VM Notes	5.60%	—	8,072.8	7,190.5	8,102.2	7,161.4
VM Credit						
Facility (d)	3.79%	(e)	2,381.1	2,317.0	2,431.0	2,355.9
Vendor financing (f)	3.56%	—	402.3	513.4	402.3	513.4
Other (g)	4.34%	—	65.5	—	65.5	—
Total third-party debt before unamortized premiums, discounts and deferred financing costs	<u>5.12%</u>	<u>—</u>	<u>£11,028.7</u>	<u>£ 10,131.4</u>	<u>£11,042.3</u>	<u>£ 10,067.9</u>



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The following table provides a reconciliation of total third-party debt before unamortized premiums, discounts and deferred financing costs to total debt and capital lease obligations:

	<b>June 30, 2016</b>	<b>December 31, 2015</b>
	<b>in millions</b>	
Total third-party debt before unamortized premiums, discounts and deferred financing costs	£11,042.3	£ 10,067.9
Unamortized premiums (discounts), net	10.4	11.4
Unamortized deferred financing costs	(90.3)	(84.2)
Total carrying amount of third-party debt	10,962.4	9,995.1
Capital lease obligations	88.0	108.2
Total third-party debt and capital lease obligations	11,050.4	10,103.3
Related-party debt (note 10)	86.1	72.0
Total debt and capital lease obligations	11,136.5	10,175.3
Current maturities of debt and capital lease obligations	(483.6)	(745.9)
Long-term debt and capital lease obligations	<u>£10,652.9</u>	<u>£ 9,429.4</u>

- (a) Represents the weighted average interest rate in effect at June 30, 2016 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 derivative instruments, deferred financing costs, original issue premiums or discounts and commitment fees, all of which affect our overall cost of borrowing. Including the effects of derivative instruments, original issue premiums or discounts and commitment fees, but excluding the impact of financing costs and vendor financing, our weighted average interest rate on our aggregate third-party variable- and fixed-rate indebtedness was 5.4% at June 30, 2016. For information regarding our derivative instruments, see note 4.
- (b) 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 regarding fair value hierarchies, see note 5.
- (c) The amounts reported in the estimated fair value columns for the VM Convertible Notes represent the estimated fair value of the remaining VM Convertible Notes outstanding as of June 30, 2016 and December 31, 2015, including both the debt and equity components. At June 30, 2016, the VM Convertible Notes were exchangeable under certain conditions for (subject to further adjustment as provided in the underlying indenture (the **VM Convertible Notes Indenture**) and subject to Virgin Media's right to settle in cash or a combination of Liberty Global Shares (as defined in note 9) and cash) 14.0791 Class A Liberty Global Shares, 35.1665 Class C Liberty Global Shares and \$910.51 (£686.25) in cash (without interest) for each \$1,000 (£753.7) in principal amount of VM Convertible Notes exchanged. As a result of a share distribution completed by Liberty Global effective July 1, 2016, the VM Convertible Notes Indenture was amended such that the VM Convertible Notes are now exchangeable for 16.4739 Class A Liberty Global Shares, 41.5193 Class C Liberty Global Shares and \$910.51 (£686.25) in cash (without interest) for each \$1,000 (£753.7) in principal amount of VM Convertible Notes exchanged.
- (d) On March 31, 2016, VMIH entered into (i) a €75.0 million (£62.6 million) term loan facility, which matures on January 15, 2022, bears interest at a rate of EURIBOR plus 3.0% and has a EURIBOR floor of 0.75% and (ii) a €25.0 million (£20.9 million) term loan facility, which matures on March 31, 2021, bears interest at a rate of EURIBOR plus 3.75% and has a EURIBOR floor of 0.0%. These non-cash borrowings resulted in an increase in the note receivable from LG Europe 2 that is owed to Virgin Media Finco Limited. For additional information, see note 10.

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- (e) Unused borrowing capacity under the VM Credit Facility relates to a multi-currency revolving facility (the **VM Revolving Facility**) with maximum borrowing capacity equivalent to £675.0 million. The outstanding balance at June 30, 2016 was nil. Unused borrowing capacity represents the maximum availability under the VM Credit Facility at June 30, 2016 without regard to covenant compliance calculations or other conditions precedent to borrowing. At June 30, 2016, based on the applicable leverage covenants, the full £675.0 million of unused borrowing capacity was available to be borrowed. When the relevant June 30, 2016 compliance reporting requirements have been completed, and assuming no changes from June 30, 2016 borrowing levels, we anticipate that the full amount of unused borrowing capacity will continue to be available. In addition to these limitations, 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 June 30, 2016, £549.0 million of unused borrowing capacity was available to be loaned or distributed by the borrowers of the VM Credit Facility. When the relevant June 30, 2016 compliance reporting requirements have been completed, and assuming no changes from June 30, 2016 borrowing levels, we anticipate that £457.5 million of unused borrowing capacity will be available to be loaned or distributed by the borrowers of the VM Credit Facility.
- (f) Represents amounts owed pursuant to interest-bearing vendor financing arrangements that are used to finance certain of our property and equipment additions and certain of our operating expenses. These obligations are due within one year and include VAT that was paid on our behalf by the vendor. Repayments of vendor financing obligations are included in repayments and repurchases of third-party debt and capital lease obligations in our condensed consolidated statements of cash flows.
- (g) Represents certain derivative-related borrowing instruments accounted for at fair value. As of June 30, 2016, the fair value of certain of our debt has been reduced by credit risk valuation adjustments aggregating £11.1 million. The changes in the credit risk valuation adjustments associated with certain of our debt resulted in a net gain of £11.1 million during the three and six months ended June 30, 2016. These amounts are included in unrealized gains due to changes in fair values of certain debt, net, in our condensed consolidated statements of operations. For further information regarding our fair value measurements, see note 5.

***Refinancing Transaction***

In April 2016, Virgin Media Secured Finance PLC (**Virgin Media Secured Finance**) issued \$750.0 million (£565.3 million) principal amount of 5.5% senior secured notes due August 15, 2026 (the **August 2026 VM Senior Secured Notes**). The net proceeds from the August 2026 VM Senior Secured Notes were used to repay in full the outstanding amount under the VM Revolving Facility and for general corporate purposes.

The terms and conditions of the notes entered into are largely consistent with those of our existing notes with regard to covenants, events of default and change of control provisions, among other items, except as noted below. For information concerning the general terms and conditions of our debt, see note 9 to the consolidated financial statements included in our 2015 annual report.

Subject to the circumstances described below, the August 2026 VM Senior Secured Notes are non-callable until August 15, 2021. At any time prior to August 15, 2021, Virgin Media Secured Finance may redeem some or all of the August 2026 VM Senior Secured Notes by paying a “make-whole” premium, which is the present value of all remaining scheduled interest payments to August 15, 2021 using the discount rate (as specified in the indenture) as of the redemption date plus 50 basis points.

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Virgin Media Secured Finance may redeem some or all of the August 2026 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 specified in the indenture), if any, to the applicable redemption date, as set forth below:

	<u>Redemption price</u>
12-month period commencing August 15:	
2021 .....	102.750%
2022 .....	101.375%
2023 .....	100.688%
2024 and thereafter .....	100.000%

***Maturities of Debt and Capital Lease Obligations***

The pound sterling equivalents of the maturities of our debt and capital lease obligations as of June 30, 2016 are presented below:

	<u>Third-party debt</u>	<u>Related-party debt</u>	<u>Capital lease obligations</u>	<u>Total</u>
	in millions			
Year ending December 31:				
2016 (remainder of year) .....	£ 138.3	£ —	£ 24.9	£ 163.2
2017 .....	306.2	86.1	25.3	417.6
2018 .....	0.6	—	9.3	9.9
2019 .....	0.6	—	5.1	5.7
2020 .....	0.7	—	3.3	4.0
2021 .....	2,655.8	—	2.9	2,658.7
Thereafter .....	7,951.2	—	136.9	8,088.1
Total debt maturities .....	11,053.4	86.1	207.7	11,347.2
Unamortized premiums (discounts), net .....	10.4	—	—	10.4
Unamortized deferred financing costs .....	(90.3)	—	—	(90.3)
Amounts representing interest .....	—	—	(119.7)	(119.7)
Total .....	<u>£ 10,973.5</u>	<u>£ 86.1</u>	<u>£ 88.0</u>	<u>£ 11,147.6</u>
Current portion .....	<u>£ 447.4</u>	<u>£ —</u>	<u>£ 36.2</u>	<u>£ 483.6</u>
Noncurrent portion .....	<u>£ 10,526.1</u>	<u>£ 86.1</u>	<u>£ 51.8</u>	<u>£ 10,664.0</u>

***Non-cash Refinancing Transactions***

During the six months ended June 30, 2016 and 2015, certain of our refinancing transactions included non-cash borrowings and repayments of debt aggregating nil and £1,205.3 million, respectively.

**(8) 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 six months ended June 30, 2016, tax losses with an aggregate tax effect of £43.1 million were transferred by our U.K. subsidiaries to Liberty Global and its U.K. subsidiaries outside of Virgin Media. These transferred tax assets of our U.K. subsidiaries are reflected as a decrease to additional paid-in capital in our condensed consolidated statement of owners' 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 factors:

	<b>Three months ended June 30,</b>		<b>Six months ended June 30,</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>in millions</b>			
Computed “expected” tax benefit (expense) . . . . .	£ 19.8	£ (21.0)	£ 43.3	£ (10.0)
Basis and other differences in the treatment of items associated				
with investments in subsidiaries . . . . .	(13.5)	(4.7)	(24.8)	(9.4)
Change in valuation allowances . . . . .	10.5	15.0	20.2	11.0
International rate differences (a) . . . . .	(8.0)	2.3	(19.2)	4.0
Non-deductible or non-taxable foreign currency exchange				
results . . . . .	6.6	0.4	11.6	0.8
Enacted tax law and rate changes (b) . . . . .	4.1	(0.2)	5.0	0.8
Other, net . . . . .	(1.4)	(6.8)	(3.9)	(5.4)
Total income tax benefit (expense) . . . . .	<u>£ 18.1</u>	<u>£ (15.0)</u>	<u>£ 32.2</u>	<u>£ (8.2)</u>

(a) Amounts reflect statutory rates in the U.K. and Ireland, which are lower than the U.S. federal income tax rate.

(b) During 2015, the U.K. enacted legislation that will change the corporate income tax rate from the current rate of 20.0% to 19.0% in April 2017 and 18.0% in April 2020. Substantially all of the impact of these rate changes on our deferred tax balances was recorded in the fourth quarter of 2015 when the change in law was enacted.

**(9) Share-based Compensation**

Our share-based compensation expense represents amounts allocated to our company by Liberty Global and related employer taxes. 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 owners’ equity and is offset by any amounts recharged to us by Liberty Global, as further described in note 10. Incentive awards are denominated in U.S. dollars.

On July 1, 2015, Liberty Global completed the approved steps of the “LiLAC Transaction” whereby Liberty Global (i) reclassified its then outstanding Class A, Class B and Class C Liberty Global ordinary shares into corresponding classes of new Liberty Global ordinary shares (collectively, the **Liberty Global Shares**) and (ii) capitalized a portion of its share premium account and distributed as a dividend (or a “bonus issue” under U.K. law) its LiLAC Class A, Class B and Class C ordinary shares.

The following table summarizes our share-based compensation expense, which is included in SG&A expense in our condensed consolidated statements of operations:

	<b>Three months ended June 30,</b>		<b>Six months ended June 30,</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>in millions</b>			
Performance-based incentive awards (a) . . . . .	£ 3.4	£ 1.3	£ 6.1	£ 4.5
Other share-based incentive awards . . . . .	3.9	5.2	7.6	12.7
Total . . . . .	<u>£ 7.3</u>	<u>£ 6.5</u>	<u>£ 13.7</u>	<u>£ 17.2</u>

(a) Includes share-based compensation expense related to (i) Liberty Global performance-based restricted share units (**PSUs**), including amounts resulting from the 2016 PSUs, as described and defined below, and (ii) a

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challenge performance award plan for certain executive officers and key employees of Liberty Global, including certain employees of our subsidiaries (the **Challenge Performance Awards**). The Challenge Performance Awards include performance-based share appreciation rights (**PSARs**) and **PSUs**.

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 June 30, 2016:

	<b>Non-performance-based awards (a)</b>	<b>Performance-based awards (a) (b)</b>
Total compensation expense not yet recognized (in millions) . . . . .	£ 36.9	£ 22.8
Weighted average period remaining for expense recognition (in years) . . . . .	2.9	2.8

(a) Amounts relate to awards granted or assumed by Liberty Global under (i) the Liberty Global 2014 Incentive Plan (as amended and restated effective February 24, 2015) and certain other incentive plans of Liberty Global, (ii) the Virgin Media Inc. 2010 Stock Incentive Plan (as amended and restated effective June 7, 2013) and (iii) certain other incentive plans of our company. All new awards are granted under the Liberty Global 2014 Incentive Plan.

(b) Amounts relate to **PSUs**, including £20.9 million related to the 2016 **PSUs**.

The following table summarizes certain information related to the incentive awards granted and exercised by employees of our subsidiaries with respect to Liberty Global ordinary shares:

	<b>Six months ended June 30,</b>	
	<b>2016</b>	<b>2015</b>
Assumptions used to estimate fair value of options and share appreciation rights ( <b>SARs</b> ) granted:		
Risk-free interest rate . . . . .	1.01 - 1.24%	0.96 - 1.40%
Expected life . . . . .	3.2 - 4.2 years	3.0 - 4.3 years
Expected volatility . . . . .	27.4 - 34.7%	23.1 - 25.1%
Expected dividend yield . . . . .	none	none
Weighted average grant-date fair value per share of awards granted:		
Options . . . . .	\$ —	\$ 14.81
<b>SARs</b> . . . . .	\$ 8.00	\$ 9.56
Restricted share units ( <b>RSUs</b> ) . . . . .	\$ 36.98	\$ 51.97
<b>PSUs</b> . . . . .	\$ 34.35	\$ 51.97
Total intrinsic value of awards exercised (in millions):		
Options . . . . .	£ 8.6	£ 50.2
<b>SARs</b> . . . . .	£ 0.4	£ 1.4
Cash received by Liberty Global from exercise of options (in millions) . . . . .	£ 10.0	£ 16.2
Income tax benefit related to share-based compensation (in millions) . . . . .	£ 2.6	£ 3.4

**2016 PSUs**

In February 2016, the compensation committee of Liberty Global's board of directors approved the grant of **PSUs** to executive officers and key employees (the **2016 PSUs**) pursuant to a performance plan that is based on the achievement of a specified compound annual growth rate (**CAGR**) during the three-year period ended December 31, 2018. The 2016 **PSUs** require delivery of a **CAGR** of our consolidated operating cash flow (**OCF CAGR**) of 6.0% during the three-year performance period ending December 31, 2018, with over- and under-performance payout opportunities should the **OCF CAGR** exceed or fail to meet the target, as applicable.



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A performance range of 75% to 167.5% of the target OCF CAGR will generally result in award recipients earning 75% to 300% of their target 2016 PSUs, subject to reduction or forfeiture based on individual performance. The earned 2016 PSUs will vest 50% each on April 1, 2019 and October 1, 2019.

***Share-based Award Activity — Awards issued by Liberty Global***

The following tables summarize the share-based award activity during 2016 with respect to Liberty Global Shares held by employees of our subsidiaries:

	<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>
<b><u>Options — Class A ordinary shares</u></b>				
Outstanding at January 1, 2016 .....	403,521	\$ 20.27		
Forfeited .....	(4,554)	\$ 22.08		
Exercised .....	(179,856)	\$ 22.59		
Transfers .....	(6,974)	\$ 19.81		
Outstanding at June 30, 2016 (a) .....	<u>212,137</u>	<u>\$ 18.28</u>	<u>5.2</u>	<u>\$ 2.3</u>
Exercisable at June 30, 2016 .....	<u>137,742</u>	<u>\$ 16.16</u>	<u>4.6</u>	<u>\$ 1.8</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>
<b><u>Options — Class C ordinary shares</u></b>				
Outstanding at January 1, 2016 .....	1,474,044	\$ 25.59		
Forfeited .....	(42,295)	\$ 33.06		
Exercised .....	(449,985)	\$ 21.28		
Transfers .....	(16,900)	\$ 11.99		
Outstanding at June 30, 2016 (a) .....	<u>964,864</u>	<u>\$ 27.51</u>	<u>7.0</u>	<u>\$ 5.4</u>
Exercisable at June 30, 2016 .....	<u>297,679</u>	<u>\$ 15.11</u>	<u>4.6</u>	<u>\$ 4.0</u>

(a) The pound sterling equivalent amounts for the aggregate intrinsic value for outstanding options related to Class A and Class C Liberty Global Shares are £1.7 million and £4.1 million, respectively.

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	<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>
<b>SARs — Class A ordinary shares</b>				
Outstanding at January 1, 2016 .....	882,910	\$ 42.03		
Granted .....	546,226	\$ 37.73		
Forfeited .....	(31,283)	\$ 44.73		
Exercised .....	(5,851)	\$ 12.62		
Transfers .....	(27,467)	\$ 43.42		
Outstanding at June 30, 2016 (a) .....	<u>1,364,535</u>	<u>\$ 40.35</u>	<u>5.8</u>	<u>\$ 0.4</u>
Exercisable at June 30, 2016 .....	<u>327,469</u>	<u>\$ 38.56</u>	<u>4.6</u>	<u>\$ 0.4</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>
<b>SARs — Class C ordinary shares</b>				
Outstanding at January 1, 2016 .....	1,868,528	\$ 39.86		
Granted .....	1,092,452	\$ 36.60		
Forfeited .....	(63,363)	\$ 43.21		
Exercised .....	(16,453)	\$ 10.86		
Transfers .....	(55,199)	\$ 41.95		
Outstanding at June 30, 2016 (a) .....	<u>2,825,965</u>	<u>\$ 38.67</u>	<u>5.7</u>	<u>\$ 1.1</u>
Exercisable at June 30, 2016 .....	<u>729,229</u>	<u>\$ 36.05</u>	<u>4.4</u>	<u>\$ 1.1</u>

(a) The pound sterling equivalent amounts for the aggregate intrinsic value for outstanding SARs related to Class A and Class C Liberty Global Shares are £0.3 million and £0.8 million, respectively.

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	<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>
<b>PSARs — Class A ordinary shares</b>				
Outstanding at January 1, 2016 .....	229,454	\$ 32.48		
Transfers .....	(8,248)	\$ 31.87		
Outstanding at June 30, 2016 .....	<u>221,206</u>	<u>\$ 32.50</u>	<u>3.9</u>	<u>\$ —</u>
Exercisable at June 30, 2016 .....	<u>221,206</u>	<u>\$ 32.50</u>	<u>3.9</u>	<u>\$ —</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>
<b>PSARs — Class C ordinary shares</b>				
Outstanding at January 1, 2016 .....	685,703	\$ 31.12		
Transfers .....	(24,692)	\$ 30.46		
Outstanding at June 30, 2016 .....	<u>661,011</u>	<u>\$ 31.14</u>	<u>3.9</u>	<u>\$ —</u>
Exercisable at June 30, 2016 .....	<u>661,011</u>	<u>\$ 31.14</u>	<u>3.9</u>	<u>\$ —</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>
<b>RSUs — Class A ordinary shares</b>			
Outstanding at January 1, 2016 .....	189,016	\$ 42.31	
Granted .....	104,128	\$ 37.73	
Forfeited .....	(6,626)	\$ 46.45	
Released from restrictions .....	(24,266)	\$ 42.44	
Transfers .....	(21,116)	\$ 38.90	
Outstanding at June 30, 2016 .....	<u>241,136</u>	<u>\$ 40.50</u>	<u>3.9</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>
<b>RSUs — Class C ordinary shares</b>			
Outstanding at January 1, 2016 .....	374,743	\$ 40.29	
Granted .....	208,256	\$ 36.60	
Forfeited .....	(13,344)	\$ 44.72	
Released from restrictions .....	(55,290)	\$ 39.62	
Transfers .....	(29,877)	\$ 37.56	
Outstanding at June 30, 2016 .....	<u>484,488</u>	<u>\$ 38.83</u>	<u>4.0</u>

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	<u>Number of shares</u>	<u>Weighted average grant-date fair value per share</u>	<u>Weighted average remaining contractual term in years</u>
<b>PSUs — Class A ordinary shares</b>			
Outstanding at January 1, 2016 .....	117,260	\$ 43.32	
Granted .....	320,732	\$ 35.02	
Performance adjustment (a) .....	1,551	\$ 39.16	
Forfeited .....	(1,849)	\$ 36.61	
Released from restrictions .....	(45,451)	\$ 36.83	
Transfers .....	(866)	\$ 33.91	
Outstanding at June 30, 2016 .....	<u>391,377</u>	<u>\$ 37.31</u>	<u>2.8</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>
<b>PSUs — Class C ordinary shares</b>			
Outstanding at January 1, 2016 .....	258,532	\$ 40.59	
Granted .....	641,464	\$ 33.95	
Performance adjustment (a) .....	3,101	\$ 37.70	
Forfeited .....	(3,699)	\$ 35.25	
Released from restrictions .....	(114,054)	\$ 34.44	
Transfers .....	(2,598)	\$ 31.64	
Outstanding at June 30, 2016 .....	<u>782,746</u>	<u>\$ 36.09</u>	<u>2.8</u>

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- (a) Represents the increase in PSUs associated with the first quarter 2016 determination that 103.6% of the PSUs that were granted in 2014 (the **2014 PSUs**) had been earned. Half of the earned 2014 PSUs were released from restrictions on April 1, 2016 and, subject to forfeitures, the remainder will be released on October 1, 2016.

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**(10) Related-party Transactions**

Our related-party transactions consist of the following:

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
	in millions			
Credits (charges) included in:				
Operating expenses	£ 2.6	£ 1.3	£ 3.6	£ 1.9
SG&A expenses	(0.9)	(1.4)	(2.2)	(6.7)
Allocated share-based compensation expense	(6.4)	(3.5)	(12.6)	(8.8)
Fees and allocations, net:				
Operating and SG&A (exclusive of depreciation and share-based compensation)	(10.3)	(6.3)	(17.9)	(12.5)
Depreciation	(5.1)	(2.7)	(8.7)	(5.9)
Share-based compensation	(6.1)	(2.3)	(11.8)	(7.2)
Management fee	(15.2)	(3.6)	(23.0)	(8.4)
Total fees and allocations, net	(36.7)	(14.9)	(61.4)	(34.0)
Included in operating income	(41.4)	(18.5)	(72.6)	(47.6)
Interest income	68.6	58.6	132.8	117.2
Realized and unrealized gains (losses) on derivative instruments, net	7.1	0.2	7.7	(7.5)
Interest expense	(1.1)	—	(2.1)	(5.6)
Included in net earnings (loss)	£ 33.2	£ 40.3	£ 65.8	£ 56.5
Property and equipment additions, net	£ 16.7	£ 8.8	£ 41.3	£ 21.9

*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. The methodology Liberty Global uses to allocate its central and administrative costs to its borrowing groups impacts the calculation of the “EBITDA” metric specified by our debt agreements (**Covenant EBITDA**). In this regard, the components of related-party fees and allocations that are deducted to arrive at our Covenant EBITDA are based on (a) the amount and nature of costs incurred by the allocating Liberty Global subsidiaries 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 amount of related-party fees and allocations that will be deducted to arrive at our Covenant EBITDA in future periods. For example, to the extent that a Liberty Global subsidiary borrowing group was 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 our company would decrease (increase). 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 condensed consolidated statements of operations are reflective of the costs that we would incur on a standalone basis. Our related-party transactions are cash settled unless otherwise noted below.

*Operating expenses.* Amounts consist of the net effect of (i) recharges of £2.4 million and £2.1 million during the three months ended June 30, 2016 and 2015, respectively, and £4.4 million and £4.0 million during the six months ended June 30, 2016 and 2015, respectively, for network design and other services provided by our company to other Liberty Global subsidiaries and (ii) charges (recharges) of (£0.2 million) and £0.8 million during the three months ended June 30, 2016 and 2015, respectively, and £0.8 million and £2.1 million during the six months ended June 30, 2016 and 2015, respectively, for network-related and other services provided to or by our company with other Liberty Global subsidiaries.



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*SG&A expenses.* Amounts primarily consist of the net effect of (i) charges of £1.0 million and £1.6 million during the three months ended June 30, 2016 and 2015, respectively, and £2.1 million and £3.2 million during the six months ended June 30, 2016 and 2015, respectively, for insurance-related services provided to our company by another Liberty Global subsidiary, (ii) charges of £0.4 million and nil during the three months ended June 30, 2016 and 2015, respectively, and £0.7 million and £4.2 million during the six months ended June 30, 2016 and 2015, respectively, for information technology-related services provided to our company by another Liberty Global subsidiary, and (iii) recharges of £0.4 million and £0.2 million during the three months ended June 30, 2016 and 2015, respectively, and £0.5 million and £0.8 million during the six months ended June 30, 2016 and 2015, respectively, for network design and other services provided by our company to other Liberty Global subsidiaries.

*Allocated share-based compensation expense.* As further described in note 9, 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 services that support our company's operations. The categories of our fees and allocations, net, are as follows:

- *Operating and SG&A (exclusive of depreciation and share-based compensation).* The amounts included in this category, which are generally loan settled, represent our estimated share of certain centralized technology, management, marketing, finance and other operating and SG&A expenses of Liberty Global's European operations, whose activities benefit multiple operations, including operations within and outside of our company. The amounts allocated represent our estimated share of the actual costs incurred by Liberty Global's European operations, without a mark-up. Amounts in this category are generally deducted to arrive at our Covenant EBITDA.
- *Depreciation.* The amounts included in this category, which are generally loan settled, represent our estimated share of depreciation of assets not owned by our company. The amounts allocated represent our estimated share of the actual costs incurred by Liberty Global's European operations, without a mark-up.
- *Share-based compensation.* The amounts included in this category, which are generally loan settled, represent our estimated share of share-based compensation associated with Liberty Global employees who are not employees of our company. The amounts allocated represent our estimated share of the actual costs incurred by Liberty Global's European operations, without a mark-up.
- *Management fee.* The amounts included in this category, which are generally loan settled, represent our estimated allocable share of (i) operating and SG&A expenses related to stewardship services provided by certain Liberty Global subsidiaries and (ii) the mark-up, if any, applicable to each category of the related-party fees and allocations charged to our company.

Liberty Global charges technology-based fees to our company using a royalty-based method. For the six months ended June 30, 2016, our proportional share of the technology-based costs of £13.0 million was £6.3 million more than the actual amount charged under the royalty-based method. Accordingly, the excess of £6.3 million has been reflected as a deemed contribution of technology-related services in our condensed consolidated statement of owners' equity. The fees charged under the royalty-based method are expected to escalate in future periods. Any excess of these charges over our estimated proportionate share of the underlying technology-based costs will be classified as a management fee and added back to arrive at Covenant EBITDA.

*Interest income.* Amounts represent interest income on related-party notes, as further described below.

*Realized and unrealized gains (losses) on derivative instruments, net.* As further described in note 4, these amounts relate to related-party foreign currency forward contracts with LGE Financing.

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*Interest expense.* Amounts during 2016 relate to interest expense associated with the note payable to LG Europe 2. Amounts during 2015 relate to interest expense associated with the VM Ireland Note.

*Property and equipment additions, net.* These amounts, which are generally cash settled, represent the net carrying values of (i) customer premises and network-related equipment acquired from other Liberty Global subsidiaries, which centrally procure equipment on behalf of our company and various other Liberty Global subsidiaries, and (ii) equipment transferred to or from other Liberty Global subsidiaries outside of Virgin Media.

The following table provides details of our related-party balances:

	June 30, 2016	December 31, 2015
	in millions	
Current receivables (a) . . . . .	£ 53.5	£ 45.4
Derivative instruments (b) . . . . .	6.6	0.6
Prepaid expenses (c) . . . . .	—	0.9
Long-term notes receivable (d) . . . . .	4,012.1	3,385.1
Other long-term assets (e) . . . . .	9.5	—
<b>Total . . . . .</b>	<b>£ 4,081.7</b>	<b>£ 3,432.0</b>
Accounts payable (f) . . . . .	£ 30.4	£ 8.6
Accrued capital expenditures (g) . . . . .	11.5	8.5
Other current liabilities (h) . . . . .	56.9	17.6
Related-party debt (i) . . . . .	86.1	72.0
<b>Total . . . . .</b>	<b>£ 184.9</b>	<b>£ 106.7</b>

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- (a) Amounts represent (i) accrued interest on the long-term notes receivable from LG Europe 2, including £39.0 million (equivalent) and £38.7 million (equivalent), respectively, owed to our subsidiary, Virgin Media Finco Limited, and (ii) certain receivables from other Liberty Global subsidiaries arising in the normal course of business. The accrued interest on the long-term notes receivable from LG Europe 2 is payable semi-annually on April 15 and October 15 and may be cash settled or, if mutually agreed, loan settled. The other receivables are settled periodically.
- (b) Amounts represent the fair value of related-party derivative instruments with LGE Financing, as further described in note 4.
- (c) Amount represents prepayments for services to be rendered by another Liberty Global subsidiary.
- (d) Amounts represent:
- (i) notes receivable from LG Europe 2 that are owed to Virgin Media Finco Limited (the **2023 8.5% LG Europe 2 Notes Receivable**). These notes mature on April 15, 2023 and bear interest at a rate of 8.5%. At each of June 30, 2016 and December 31, 2015, the principal amount outstanding under these notes was £2,174.6 million;
  - (ii) a note receivable from LG Europe 2 that is owed to Virgin Media Finco Limited. At June 30, 2016 and December 31, 2015, the principal amount outstanding under this note was £1,822.7 million and £1,197.4 million, respectively. The increase during the 2016 period relates to (i) £2,235.1 million of cash advances, (ii) £1,671.1 million of cash repayments, (iii) £79.1 million of non-cash advances and (iv) £17.8 million of non-cash repayments. Pursuant to the loan agreement, the maturity date is July 16, 2023, however Virgin Media Finco Limited may agree to advance additional amounts to LG Europe 2 at any time and LG Europe 2 may, with agreement from Virgin Media Finco Limited, repay all or part of the outstanding principal at any time prior to the maturity date. The note receivable is subject to further borrowings and repayments. The interest rate on this loan, which is subject to adjustment, was 5.366% as of June 30, 2016; and

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- (iii) a note receivable from Liberty Global that is owed to us. At June 30, 2016 and December 31, 2015, this note, which matures on June 4, 2018, had a principal balance of \$19.5 million (£14.8 million) and \$19.3 million (£14.5 million), respectively. This note bears interest at a rate of 1.8%. The increase during the 2016 period relates to an increase of (i) £1.6 million due to the cumulative translation adjustment during the period and (ii) £0.1 million (equivalent at the transaction date) in capitalized accrued interest. The accrued interest on this note receivable is payable semi-annually on January 15 and July 15 and may be cash settled or, if mutually agreed, loan settled, and is included in other long-term assets, net in our condensed consolidated balance sheets.
- (e) Amount represents certain receivables from other Liberty Global subsidiaries arising in the normal course of business.
- (f) Amounts represent certain payables to other Liberty Global subsidiaries arising in the normal course of business.
- (g) Amounts represent accrued capital expenditures for property and equipment transferred to our company from other Liberty Global subsidiaries.
- (h) Amounts represent (i) £12.5 million (equivalent) and £6.9 million (equivalent), respectively, of unpaid capital charges from Liberty Global, as described below, and (ii) certain payables to other Liberty Global subsidiaries arising in the normal course of business, including amounts associated with fees and allocations as described above. The payables related to the capital charges are settled periodically. None of these payables are currently interest bearing.
- (i) Represents a note payable to LG Europe 2 that originated in December 2015. This note matures on December 18, 2017 and bears interest at a rate of 5.26%. The increase during the 2016 period relates to £14.1 million of cash borrowings. Accrued interest may be, as agreed to by our company and LG Europe 2, (i) transferred to the loan balance annually on January 1 or (ii) repaid on the last day of each month and on the date of principal repayments.

During the six months ended June 30, 2016, we recorded capital charges of \$16.8 million (£11.7 million at the applicable rate) in our condensed consolidated statement of owners' equity in connection with the exercise of Liberty Global SARs and options and the vesting of Liberty Global RSUs and PSUs held by employees of our subsidiaries. We and Liberty Global have agreed that these capital charges will be based on the fair value of the underlying Liberty Global Shares associated with share-based incentive awards that vest or are exercised during the period, subject to any reduction that is necessary to ensure that the cumulative capital charge does not exceed the cumulative amount of share-based compensation expense recorded by our company with respect to Liberty Global share-based incentive awards.

During the six months ended June 30, 2016, tax losses with an aggregate tax effect of £43.1 million were transferred by our U.K. subsidiaries to Liberty Global and its U.K. subsidiaries outside of Virgin Media. For additional information, see note 8.

Our parent company, Virgin Media, and certain Liberty Global subsidiaries are co-guarantors of the indebtedness of certain other Liberty Global subsidiaries. We do not believe these guarantees will result in material payments in the future.

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**(11) 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 and services, non-cancellable operating leases and other items. The pound sterling equivalents of such commitments as of June 30, 2016 are presented below:

		Payments due during:								
		Remainder of 2016	2017	2018	2019	2020	2021	Thereafter	Total	
		in millions								
Programming commitments	£ 265.3	£ 525.0	£ 465.0	£ 207.9	£ 44.5	£ 4.5	£ —	£ 1,512.2		
Network and connectivity commitments	388.1	83.1	26.8	8.2	6.7	4.0	13.2	530.1		
Purchase commitments	233.7	82.3	50.6	20.3	11.6	0.4	0.3	399.2		
Operating leases	21.1	37.0	31.2	25.3	18.3	14.5	58.8	206.2		
Other commitments	10.8	7.5	2.9	1.8	—	—	—	23.0		
Total (a)	£ 919.0	£ 734.9	£ 576.5	£ 263.5	£ 81.1	£ 23.4	£ 72.3	£ 2,670.7		

(a) The commitments included in this table do not reflect any liabilities that are included in our June 30, 2016 condensed consolidated balance sheet.

Programming commitments consist of obligations associated with certain of our programming contracts that are enforceable and legally binding on us as we have agreed to pay minimum fees without regard to (i) the actual number of subscribers to the programming services or (ii) whether we terminate service to a portion of our subscribers or dispose of a portion of our distribution systems. In addition, programming commitments do not include increases in future periods associated with contractual inflation or other price adjustments that are not fixed. Accordingly, the amounts reflected in the above table with respect to these contracts are significantly less than the amounts we expect to pay in these periods under these contracts. Historically, payments to programming vendors have represented a significant portion of our operating costs, and we expect that this will continue to be the case in future periods. In this regard, our total programming costs aggregated £392.6 million and £332.8 million during the six months ended June 30, 2016 and 2015, respectively.

Network and connectivity commitments include, among other items, the fixed minimum commitments associated with our mobile virtual network operator (MVNO) agreements and service commitments associated with our network extension project in the U.K. 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 and legally binding obligations related to (i) the purchase of customer premises and other equipment and (ii) certain service-related commitments, including call center, information technology and maintenance services.

Commitments arising from acquisition agreements are not reflected in the above table.

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

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make payments in future periods. For information regarding our derivative instruments, including the net cash paid or received in connection with these instruments during the six months ended June 30, 2016 and 2015, see note 4.

***Guarantees and Other Credit Enhancements***

In the ordinary course of business, we may provide (i) indemnifications to our lenders, our vendors and certain other parties, (ii) performance and/or financial guarantees to local municipalities, our customers and vendors and (iii) guarantees as a co-guarantor with certain other Liberty Global subsidiaries related to various financing arrangements. 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 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 £46.3 million as of June 30, 2016. 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 timing of the court's decision is uncertain.

On March 19, 2014, the U.K. government announced a change in legislation with respect to the charging of VAT in connection with prompt payment discounts such as those that we offer to our fixed-line telephony customers. This change, which took effect on May 1, 2014, impacted our company and some of our competitors. The U.K. tax authority issued a decision in the fourth quarter of 2015 challenging our application of the prompt payment discount rules prior to the May 1, 2014 change in legislation. We have appealed this decision. As part of the appeal process, we were required to make aggregate payments of £67.0 million, which included the challenged amount of £63.7 million and related interest of £3.3 million. The aggregate amount paid does not include penalties, which could be significant in the unlikely event that penalties were to be assessed. This matter will likely be subject to court proceedings that could delay the ultimate resolution for an extended period of time. No portion of this potential exposure has been accrued by our company as the likelihood of loss is not considered to be probable.

*Other Regulatory Issues.* Video distribution, broadband internet, fixed-line telephony, mobile and content 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 (E.U.) 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.

The Valuation Office Agency in the U.K. has indicated its intention to significantly increase charges for network infrastructure in the U.K. effective April 1, 2017. Although we do not believe that the potential increases are warranted, we cannot predict whether the increased charges will be implemented, or if implemented, what the amount of the increased charges will be. Nevertheless, any significant increase in network infrastructure charges in the U.K. could have an adverse impact on our results of operations.

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.



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In addition to the foregoing items, we have contingent liabilities related to matters arising in the ordinary course of business, including (i) legal proceedings, (ii) issues involving VAT and wage, property, withholding and other tax issues and (iii) disputes over interconnection, programming, copyright and channel carriage fees. While we generally expect that the amounts required to satisfy these contingencies will not materially differ from any estimated amounts we have accrued, no assurance can be given that the resolution of one or more of these contingencies will not result in a material impact on our results of operations, cash flows or financial position in any given period. Due, in general, to the complexity of the issues involved and, in certain cases, the lack of a clear basis for predicting outcomes, we cannot provide a meaningful range of potential losses or cash outflows that might result from any unfavorable outcomes.

**(12) Segment Reporting**

We have one reportable segment that provides video, broadband internet, fixed-line telephony and mobile services in the U.K. and Ireland.

Our revenue by major category is set forth below:

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
	in millions			
Subscription revenue:				
Video .....	£ 256.4	£ 266.8	£ 523.2	£ 533.3
Broadband internet .....	344.4	309.8	669.8	605.7
Fixed-line telephony .....	240.1	240.2	476.5	480.9
Cable subscription revenue (a) .....	840.9	816.8	1,669.5	1,619.9
Mobile (b) .....	105.1	117.7	212.7	234.0
Total subscription revenue .....	946.0	934.5	1,882.2	1,853.9
B2B revenue (c) .....	166.7	157.7	329.9	313.9
Other revenue (b) (d) .....	84.5	55.5	163.0	109.7
Total .....	£ 1,197.2	£ 1,147.7	£ 2,375.1	£ 2,277.5

- (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 £14.5 million and £16.8 million during the three months ended June 30, 2016 and 2015, respectively, and £30.7 million and £34.7 million during the six months ended June 30, 2016 and 2015, 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, mobile and data services offered to medium to large enterprises and, on a wholesale basis, to other operators. We also provide services to certain small or home office (SOHO) subscribers. SOHO subscribers pay a premium price to receive expanded service levels along with video, broadband internet, fixed-line telephony or mobile services that are the same or similar to the mass marketed products offered to our residential subscribers. Revenue from SOHO subscribers, which is included in cable subscription revenue, aggregated £6.3 million and £5.0 million during the three months ended June 30, 2016 and 2015, respectively, and £11.9 million and £10.0 million during the six months ended June 30, 2016 and 2015, respectively.
- (d) Other revenue includes, among other items, mobile handset sales, interconnect, broadcasting and late fee revenue.

**VIRGIN MEDIA INC.**  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**June 30, 2016**  
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***Geographic Segments***

The revenue of our geographic segments is set forth below:

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
	in millions			
U.K. ....	£ 1,119.0	£ 1,084.3	£ 2,221.5	£ 2,148.5
Ireland ....	78.2	63.4	153.6	129.0
Total .....	£ 1,197.2	£ 1,147.7	£ 2,375.1	£ 2,277.5

**(13) Condensed Consolidating Financial Information — Senior Notes**

We present the following condensed consolidating financial information as of June 30, 2016 and for the three and six months ended June 30, 2016, as required by the applicable underlying indentures. For the condensed consolidating financial information as of December 31, 2015 and for the three and six months ended June 30, 2015, see our 2015 annual report and the June 30, 2015 quarterly report, respectively.

As of June 30, 2016, Virgin Media Finance PLC (**Virgin Media Finance**) is the issuer of the following senior notes:

- \$118.7 million (£89.4 million) aggregate principal amount of 4.875% senior notes due February 15, 2022;
- \$95.0 million (£71.6 million) aggregate principal amount of 5.25% senior notes due February 15, 2022;
- £44.1 million aggregate principal amount of 5.125% senior notes due February 15, 2022;
- \$530.0 million (£399.4 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;
- \$500.0 million (£376.8 million) aggregate principal amount of 6.0% senior notes due October 15, 2024;
- £300.0 million aggregate principal amount of 6.375% senior notes due October 15, 2024;
- €460.0 million (£383.9 million) aggregate principal amount of 4.5% senior notes due January 15, 2025; and
- \$400.0 million (£301.5 million) aggregate principal amount of 5.75% senior notes due January 15, 2025.

Our senior notes are issued by Virgin Media Finance and are guaranteed on a senior basis by Virgin Media and certain of its subsidiaries, namely Virgin Media Group LLC (**Virgin Media Group**), Virgin Media (UK) Group LLC (**Virgin Media (UK) Group**) and Virgin Media Communications Limited (**Virgin Media Communications**). 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.**  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**June 30, 2016**  
**(unaudited)**

	June 30, 2016									
Balance sheets	Virgin Media	Virgin Media Finance	Other guarantors	VMIH		VMIL	All other subsidiaries	Eliminations	Total	
	in millions									
ASSETS										
Current assets:										
Cash and cash equivalents . .	£ —	£ 0.2	£ 0.1	£ —	£ —	£ —	£ 28.1	£ —	£ 28.4	
Related-party receivables . . .	4.1	—	—	—	—	—	49.4	—	53.5	
Other current assets:										
Third-party . . . . .	26.8	—	—	63.2	—	—	630.8	—	720.8	
Intercompany and related- party . . . . .	—	5.0	—	6.6	—	—	12.1	(17.1)	6.6	
Total current assets . . . .	30.9	5.2	0.1	69.8	—	—	720.4	(17.1)	809.3	
Property and equipment, net . .	—	—	—	—	—	—	5,814.8	—	5,814.8	
Goodwill . . . . .	—	—	—	—	—	—	5,989.5	—	5,989.5	
Intangible assets subject to amortization, net . . . . .	—	—	—	—	—	—	1,423.8	—	1,423.8	
Investments in, and loans to, parent and subsidiary companies . . . . .	7,474.0	9,700.1	8,189.6	12,533.6	12,765.7	(6,409.7)	(44,253.3)	—	—	
Deferred income taxes . . . . .	—	—	—	—	—	—	1,416.3	—	1,416.3	
Related-party notes receivable . . . . .	14.8	—	—	—	—	—	3,997.3	—	4,012.1	
Other assets, net:										
Third-party . . . . .	—	—	—	787.3	—	—	207.7	—	995.0	
Intercompany and related- party . . . . .	—	57.6	—	9.5	—	—	164.3	(221.9)	9.5	
Total assets . . . . .	<u>£7,519.7</u>	<u>£9,762.9</u>	<u>£8,189.7</u>	<u>£13,400.2</u>	<u>£12,765.7</u>	<u>£13,324.4</u>	<u>£(44,492.3)</u>	<u>£20,470.3</u>		
LIABILITIES AND OWNERS' EQUITY										
Current liabilities:										
Intercompany and related- party payables . . . . .	£ 16.9	£ 79.6	£ 0.1	£ 126.3	£ —	£ —	£ 316.9	£ (509.4)	£ 30.4	
Other accrued and current liabilities:										
Third-party . . . . .	110.4	37.4	—	434.1	—	—	1,432.0	—	2,013.9	
Intercompany and related- party . . . . .	12.5	—	—	17.1	—	—	55.9	(17.1)	68.4	
Total current liabilities . . . . .	139.8	117.0	0.1	577.5	—	—	1,804.8	(526.5)	2,112.7	
Long-term debt and capital lease obligations:										
Third-party . . . . .	—	2,195.7	—	145.9	—	—	8,225.2	—	10,566.8	
Related-party . . . . .	—	—	—	—	—	—	86.1	—	86.1	
Other long-term liabilities:										
Third-party . . . . .	—	—	—	228.4	—	—	151.1	—	379.5	
Intercompany . . . . .	—	—	—	221.9	—	—	—	(221.9)	—	
Total liabilities . . . . .	139.8	2,312.7	0.1	1,173.7	—	—	10,267.2	(748.4)	13,145.1	
Total parent's equity . . . .	7,379.9	7,450.2	8,189.6	12,226.5	12,765.7	3,111.9	(43,743.9)	7,379.9		
Noncontrolling interest . . . . .	—	—	—	—	—	—	(54.7)	—	(54.7)	
Total owners' equity . . . .	<u>7,379.9</u>	<u>7,450.2</u>	<u>8,189.6</u>	<u>12,226.5</u>	<u>12,765.7</u>	<u>3,057.2</u>	<u>(43,743.9)</u>	<u>7,325.2</u>		
Total liabilities and owners' equity . . . . .	<u>£7,519.7</u>	<u>£9,762.9</u>	<u>£8,189.7</u>	<u>£13,400.2</u>	<u>£12,765.7</u>	<u>£13,324.4</u>	<u>£(44,492.3)</u>	<u>£20,470.3</u>		

**VIRGIN MEDIA INC.**  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**June 30, 2016**  
**(unaudited)**

Three months ended June 30, 2016								
Statements of operations	Virgin Media	Virgin Media Finance	Other guarantors	VMIH	VMIL	All other subsidiaries	Eliminations	Total
	in millions							
Revenue .....	£ —	£ —	£ —	£ —	£ —	£1,197.2	£ —	£ 1,197.2
Operating costs and expenses:								
Operating (other than depreciation and amortization) .....	—	—	—	—	—	524.7	—	524.7
SG&A (including share-based compensation) .....	(1.2)	—	—	—	—	147.6	—	146.4
Related-party fees and allocations, net .....	3.0	—	—	—	—	33.7	—	36.7
Depreciation and amortization .....	—	—	—	—	—	401.2	—	401.2
Impairment, restructuring and other operating items, net ...	—	—	—	—	—	9.2	—	9.2
	<u>1.8</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,116.4</u>	<u>—</u>	<u>1,118.2</u>
Operating income (loss) ....	<u>(1.8)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>80.8</u>	<u>—</u>	<u>79.0</u>
Non-operating income (expense):								
Interest expense:								
Third-party .....	(0.5)	(31.4)	—	(7.4)	—	(100.7)	—	(140.0)
Related-party and intercompany .....	(7.9)	(64.0)	—	(113.1)	—	(324.6)	508.5	(1.1)
Interest income — related-party and intercompany .....	—	14.3	8.1	55.7	—	499.0	(508.5)	68.6
Realized and unrealized gains (losses) on derivative instruments, net:								
Third-party .....	7.8	—	—	337.6	—	—	—	345.4
Related-party .....	—	31.6	—	(108.9)	—	84.4	—	7.1
Foreign currency transaction gains (losses), net .....	(0.1)	(357.7)	(13.3)	(207.7)	—	151.5	—	(427.3)
Unrealized gains due to changes in fair values of certain debt, net	—	—	—	11.2	—	—	—	11.2
Other income, net .....	—	—	—	—	—	0.5	—	0.5
	<u>(0.7)</u>	<u>(407.2)</u>	<u>(5.2)</u>	<u>(32.6)</u>	<u>—</u>	<u>310.1</u>	<u>—</u>	<u>(135.6)</u>
Earnings (loss) before income taxes .....	(2.5)	(407.2)	(5.2)	(32.6)	—	390.9	—	(56.6)
Income tax benefit (expense) .....	(0.7)	—	—	—	—	18.8	—	18.1
Earnings (loss) after income taxes .....	(3.2)	(407.2)	(5.2)	(32.6)	—	409.7	—	(38.5)
Equity in net earnings (loss) of subsidiaries .....	(33.8)	375.8	(28.9)	408.5	252.0	—	(973.6)	—
Net earnings (loss) .....	(37.0)	(31.4)	(34.1)	375.9	252.0	409.7	(973.6)	(38.5)
Net loss attributable to noncontrolling interest .....	—	—	—	—	—	1.5	—	1.5
Net earnings (loss) attributable to parent .....	<u>£(37.0)</u>	<u>£ (31.4)</u>	<u>£(34.1)</u>	<u>£ 375.9</u>	<u>£252.0</u>	<u>£ 411.2</u>	<u>£ (973.6)</u>	<u>£ (37.0)</u>
Total comprehensive earnings (loss) .....	£(34.1)	£ (35.9)	£ 15.1	£ 371.4	£247.5	£ 402.3	£(1,004.7)	£ (38.4)
Comprehensive loss attributable to noncontrolling interest .....	—	—	—	—	—	4.3	—	4.3
Comprehensive earnings (loss) attributable to parent .....	<u>£(34.1)</u>	<u>£ (35.9)</u>	<u>£ 15.1</u>	<u>£ 371.4</u>	<u>£247.5</u>	<u>£ 406.6</u>	<u>£(1,004.7)</u>	<u>£ (34.1)</u>

**VIRGIN MEDIA INC.**  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**June 30, 2016**  
**(unaudited)**

	Six months ended June 30, 2016									
Statements of operations	Virgin Media	Virgin Media Finance	Other guarantors	VMIH	VMIL	All other subsidiaries	Eliminations	Total		
	in millions									
Revenue . . . . .	£ —	£ —	£ —	£ —	£ —	£ 2,375.1	£ —	£ 2,375.1		
Operating costs and expenses:										
Operating (other than depreciation and amortization) . . . . .	—	—	—	—	—	1,029.3	—	1,029.3		
SG&A (including share-based compensation) . . . . .	0.7	—	—	—	—	305.2	—	305.9		
Related-party fees and allocations, net . . . . .	3.0	—	—	—	—	58.4	—	61.4		
Depreciation and amortization . . . . .	—	—	—	—	—	798.0	—	798.0		
Impairment, restructuring and other operating items, net . . . .	—	—	—	—	—	12.4	—	12.4		
	3.7	—	—	—	—	2,203.3	—	2,207.0		
Operating income (loss) . . . . .	(3.7)	—	—	—	—	171.8	—	168.1		
Non-operating income (expense):										
Interest expense:										
Third-party . . . . .	(1.0)	(62.8)	—	(14.6)	—	(196.5)	—	(274.9)		
Related-party and intercompany . . . . .	(15.7)	(126.2)	(0.1)	(223.2)	—	(617.0)	980.1	(2.1)		
Interest income — related-party and intercompany . . . . .	0.1	28.6	16.2	111.3	—	956.7	(980.1)	132.8		
Realized and unrealized gains (losses) on derivative instruments, net:										
Third-party . . . . .	14.5	—	—	354.4	—	—	—	368.9		
Related-party . . . . .	—	41.0	—	(142.6)	—	109.3	—	7.7		
Foreign currency transaction gains (losses), net . . . . .	(0.1)	(469.5)	(17.3)	(268.3)	—	218.8	—	(536.4)		
Unrealized gains due to changes in fair values of certain debt, net . . . . .	—	—	—	11.2	—	—	—	11.2		
Other income (expense), net . . .	—	—	—	(0.1)	—	1.2	—	1.1		
	(2.2)	(588.9)	(1.2)	(171.9)	—	472.5	—	(291.7)		
Earnings (loss) before income taxes . . . . .	(5.9)	(588.9)	(1.2)	(171.9)	—	644.3	—	(123.6)		
Income tax benefit (expense) . . . .	(1.9)	—	—	—	—	34.1	—	32.2		
Earnings (loss) after income taxes . . . . .	(7.8)	(588.9)	(1.2)	(171.9)	—	678.4	—	(91.4)		
Equity in net earnings (loss) of subsidiaries . . . . .	(81.1)	500.7	(81.7)	672.7	424.8	—	(1,435.4)	—		
Net earnings (loss) . . . . .	(88.9)	(88.2)	(82.9)	500.8	424.8	678.4	(1,435.4)	(91.4)		
Net loss attributable to noncontrolling interest . . . . .	—	—	—	—	—	2.5	—	2.5		
Net earnings (loss) attributable to parent . . . . .	£ (88.9)	£ (88.2)	£ (82.9)	£ 500.8	£ 424.8	£ 680.9	£ (1,435.4)	£ (88.9)		
Total comprehensive earnings (loss) . . . . .	£ (89.8)	£ (98.6)	£ (25.0)	£ 490.4	£ 414.4	£ 661.8	£ (1,451.7)	£ (98.5)		
Comprehensive loss attributable to noncontrolling interest . . . . .	—	—	—	—	—	8.7	—	8.7		
Comprehensive earnings (loss) attributable to parent . . . . .	£ (89.8)	£ (98.6)	£ (25.0)	£ 490.4	£ 414.4	£ 670.5	£ (1,451.7)	£ (89.8)		



**VIRGIN MEDIA INC.**  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**June 30, 2016**  
**(unaudited)**

Statements of cash flows	Six months ended June 30, 2016						
	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 . . . . .	£ (4.2)	£(148.5)	£ —	£ (135.8)	£ —	£ 1,115.8	£ 827.3
Cash flows from investing activities:							
Advances to related parties, net . . .	—	—	—	—	—	(564.0)	(564.0)
Capital expenditures . . . . .	—	—	—	—	—	(293.7)	(293.7)
Other investing activities, net . . . . .	—	—	—	—	—	0.6	0.6
Net cash used by investing activities . . . . .	—	—	—	—	—	(857.1)	(857.1)
Cash flows from financing activities:							
Borrowings of third-party debt . . . .	—	—	—	1,314.7	—	514.3	1,829.0
Repayments and repurchases of third-party debt and capital lease obligations . . . . .	—	—	—	(1,774.7)	—	(37.8)	(1,812.5)
Contributions (distributions) . . . . .	0.9	148.8	—	585.9	—	(735.6)	—
Net cash received related to derivative instruments . . . . .	—	—	—	9.8	—	—	9.8
Payment of financing costs and debt premiums . . . . .	—	(0.3)	—	—	—	(5.7)	(6.0)
Other financing activities, net . . . . .	—	—	—	—	—	14.4	14.4
Net cash provided (used) by financing activities . . . . .	0.9	148.5	—	135.7	—	(250.4)	34.7
Effect of exchange rates on cash and cash equivalents . . . . .	3.3	—	—	—	—	—	3.3
Net increase (decrease) in cash and cash equivalents . . . . .	—	—	—	(0.1)	—	8.3	8.2
Cash and cash equivalents:							
Beginning of period . . . . .	—	0.2	0.1	0.1	—	19.8	20.2
End of period . . . . .	£ —	£ 0.2	£ 0.1	£ —	£ —	£ 28.1	£ 28.4

**(14) Condensed Consolidating Financial Information — Senior Secured Notes**

We present the following condensed consolidating financial information as of June 30, 2016 and for the three and six months ended June 30, 2016, as required by the applicable underlying indentures. For the condensed consolidating financial information as of December 31, 2015 and for the three and six months ended June 30, 2015, see our 2015 annual report and the June 30, 2015 quarterly report, respectively.

As of June 30, 2016, Virgin Media Secured Finance is the issuer of the following senior secured notes:

- £628.4 million aggregate principal amount of 5.5% senior secured notes due January 15, 2021;
- \$447.9 million (£337.6 million) aggregate principal amount of 5.25% senior secured notes due January 15, 2021;
- £990.0 million aggregate principal amount of 6.0% senior secured notes due April 15, 2021;
- \$900.0 million (£678.3 million) aggregate principal amount of 5.375% senior secured notes due April 15, 2021;

**VIRGIN MEDIA INC.**  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**June 30, 2016**  
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- £387.0 million aggregate principal amount of 5.5% senior secured notes due January 15, 2025;
- \$425.0 million (£320.3 million) aggregate principal amount of 5.5% senior secured notes due January 15, 2025;
- £300.0 million aggregate principal amount of 5.125% senior secured notes due January 15, 2025;
- \$1.0 billion (£753.6 million) aggregate principal amount of 5.25% senior secured notes due January 15, 2026;
- \$750.0 million (£565.3 million) aggregate principal amount of 5.5% senior secured notes due August 15, 2026;
- £525.0 million aggregate principal amount of 4.875% senior secured notes due January 15, 2027; and
- £400.0 million aggregate principal amount of 6.25% senior secured notes due March 28, 2029.

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 (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.**  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**June 30, 2016**  
**(unaudited)**

		June 30, 2016					
Balance sheets		Virgin Media	Virgin Media Secured Finance	Guarantors	Non-Guarantors	Eliminations	Total
				in millions			
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents . . . .	£	—	£ 0.5	£ 11.3	£ 16.6	£ —	£ 28.4
Related-party receivables . . . . .		4.1	—	10.4	39.0	—	53.5
Other current assets:							
Third-party . . . . .		26.8	—	557.7	136.3	—	720.8
Intercompany and related-party . . . . .		—	12.1	11.6	—	(17.1)	6.6
Total current assets . . . . .		30.9	12.6	591.0	191.9	(17.1)	809.3
Property and equipment, net . . . . .		—	—	4,582.8	1,232.0	—	5,814.8
Goodwill . . . . .		—	—	5,793.7	195.8	—	5,989.5
Intangible assets subject to amortization, net . . . . .		—	—	1,278.4	145.4	—	1,423.8
Investments in, and loans to, parent and subsidiary companies . . . . .		7,474.0	5,912.6	(4,108.6)	5,091.2	(14,369.2)	—
Deferred income taxes . . . . .		—	—	1,417.8	(1.5)	—	1,416.3
Related-party notes receivable . . .		14.8	—	—	3,997.3	—	4,012.1
Other assets, net:							
Third-party . . . . .		—	—	950.0	45.0	—	995.0
Intercompany and related-party . . . . .		—	164.3	67.1	—	(221.9)	9.5
Total assets . . . . .	£	<u>7,519.7</u>	<u>£ 6,089.5</u>	<u>£ 10,572.2</u>	<u>£ 10,897.1</u>	<u>£ (14,608.2)</u>	<u>£20,470.3</u>
<b>LIABILITIES AND OWNERS' EQUITY</b>							
Current liabilities:							
Intercompany and related-party payables . . . . .	£	16.9	£ —	£ 279.7	£ 243.2	£ (509.4)	£ 30.4
Other accrued and current liabilities:							
Third-party . . . . .		110.4	116.5	1,702.6	84.4	—	2,013.9
Intercompany and related-party . . . . .		12.5	0.1	60.9	12.0	(17.1)	68.4
Total current liabilities . . .		139.8	116.6	2,043.2	339.6	(526.5)	2,112.7
Long-term debt and capital lease obligations:							
Third-party . . . . .		—	5,867.3	4,699.5	—	—	10,566.8
Related-party . . . . .		—	—	—	86.1	—	86.1
Other long-term liabilities:							
Third-party . . . . .		—	—	354.8	24.7	—	379.5
Intercompany . . . . .		—	—	221.9	—	(221.9)	—
Total liabilities . . . . .		139.8	5,983.9	7,319.4	450.4	(748.4)	13,145.1
Total parent's equity . . . . .		7,379.9	105.6	3,252.8	10,501.4	(13,859.8)	7,379.9
Noncontrolling interest . . . . .		—	—	—	(54.7)	—	(54.7)
Total owners' equity . . . . .		<u>7,379.9</u>	<u>105.6</u>	<u>3,252.8</u>	<u>10,446.7</u>	<u>(13,859.8)</u>	<u>7,325.2</u>
Total liabilities and owners' equity . . . . .	£	<u>7,519.7</u>	<u>£ 6,089.5</u>	<u>£ 10,572.2</u>	<u>£ 10,897.1</u>	<u>£ (14,608.2)</u>	<u>£20,470.3</u>

**VIRGIN MEDIA INC.**  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**June 30, 2016**  
**(unaudited)**

Three months ended June 30, 2016						
Statements of operations	Virgin Media	Virgin Media Secured Finance	Guarantors	Non- Guarantors	Eliminations	Total
	in millions					
Revenue .....	£ —	£ —	£ 1,014.2	£ 183.0	£ —	£ 1,197.2
Operating costs and expenses:						
Operating (other than depreciation and amortization) .....	—	—	447.7	77.0	—	524.7
SG&A (including share-based compensation) .....	(1.2)	—	125.5	22.1	—	146.4
Related-party fees and allocations, net .....	3.0	—	22.1	11.6	—	36.7
Depreciation and amortization .....	—	—	336.1	65.1	—	401.2
Impairment, restructuring and other operating items, net .....	—	—	6.9	2.3	—	9.2
	1.8	—	938.3	178.1	—	1,118.2
Operating income (loss) .....	(1.8)	—	75.9	4.9	—	79.0
Non-operating income (expense):						
Interest expense:						
Third-party .....	(0.5)	(76.8)	(62.7)	—	—	(140.0)
Related-party and intercompany .....	(7.9)	—	(258.6)	(238.6)	504.0	(1.1)
Interest income – related-party and intercompany .....	—	79.6	229.9	263.1	(504.0)	68.6
Realized and unrealized gains (losses) on derivative instruments, net:						
Third-party .....	7.8	—	337.6	—	—	345.4
Related-party .....	—	84.4	(77.3)	—	—	7.1
Foreign currency transaction gains (losses), net .....	(0.1)	(83.9)	(432.3)	89.0	—	(427.3)
Unrealized gains due to changes in fair values of certain debt, net ..	—	—	11.2	—	—	11.2
Other income (expense), net .....	—	(0.1)	—	0.6	—	0.5
	(0.7)	3.2	(252.2)	114.1	—	(135.6)
Earnings (loss) before income taxes .....	(2.5)	3.2	(176.3)	119.0	—	(56.6)
Income tax benefit (expense) .....	(0.7)	—	18.8	—	—	18.1
Earnings (loss) after income taxes .....	(3.2)	3.2	(157.5)	119.0	—	(38.5)
Equity in net earnings (loss) of subsidiaries .....	(33.8)	—	126.1	(156.3)	64.0	—
Net earnings (loss) .....	(37.0)	3.2	(31.4)	(37.3)	64.0	(38.5)
Net loss attributable to noncontrolling interest .....	—	—	—	1.5	—	1.5
Net earnings (loss) attributable to parent .....	£ (37.0)	£ 3.2	£ (31.4)	£ (35.8)	£ 64.0	£ (37.0)
Total comprehensive earnings (loss) .....	£ (34.1)	£ 3.2	£ (30.7)	£ 18.8	£ 4.4	£ (38.4)
Comprehensive loss attributable to noncontrolling interest .....	—	—	—	4.3	—	4.3
Comprehensive earnings (loss) attributable to parent .....	£ (34.1)	£ 3.2	£ (30.7)	£ 23.1	£ 4.4	£ (34.1)

**VIRGIN MEDIA INC.**  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**June 30, 2016**  
**(unaudited)**

Six months ended June 30, 2016						
Statements of operations	Virgin Media	Virgin Media Secured Finance	Guarantors	Non-Guarantors	Eliminations	Total
	in millions					
Revenue .....	£ —	£ —	£ 2,013.1	£ 362.0	£ —	£ 2,375.1
Operating costs and expenses:						
Operating (other than depreciation and amortization) .....	—	—	878.0	151.3	—	1,029.3
SG&A (including share-based compensation) .....	0.7	—	259.2	46.0	—	305.9
Related-party fees and allocations, net .....	3.0	—	36.9	21.5	—	61.4
Depreciation and amortization .....	—	—	668.1	129.9	—	798.0
Impairment, restructuring and other operating items, net ..	—	—	9.7	2.7	—	12.4
	<u>3.7</u>	<u>—</u>	<u>1,851.9</u>	<u>351.4</u>	<u>—</u>	<u>2,207.0</u>
Operating income (loss) ....	(3.7)	—	161.2	10.6	—	168.1
Non-operating income (expense):						
Interest expense:						
Third-party .....	(1.0)	(148.4)	(125.5)	—	—	(274.9)
Related-party and intercompany .....	(15.7)	—	(513.5)	(456.2)	983.3	(2.1)
Interest income — related-party and intercompany ....	0.1	153.8	460.1	502.1	(983.3)	132.8
Realized and unrealized gains (losses) on derivative instruments, net:						
Third-party .....	14.5	—	354.4	—	—	368.9
Related-party .....	—	109.3	(101.6)	—	—	7.7
Foreign currency transaction gains (losses), net .....	(0.1)	(106.2)	(580.5)	150.4	—	(536.4)
Unrealized gains due to changes in fair values of certain debt, net .....	—	—	11.2	—	—	11.2
Other income (expense), net ..	—	(0.1)	0.3	0.9	—	1.1
	<u>(2.2)</u>	<u>8.4</u>	<u>(495.1)</u>	<u>197.2</u>	<u>—</u>	<u>(291.7)</u>
Earnings (loss) before income taxes .....	(5.9)	8.4	(333.9)	207.8	—	(123.6)
Income tax benefit (expense) ....	(1.9)	—	33.8	0.3	—	32.2
Earnings (loss) after income taxes .....	(7.8)	8.4	(300.1)	208.1	—	(91.4)
Equity in net earnings (loss) of subsidiaries .....	(81.1)	—	212.0	(293.7)	162.8	—
Net earnings (loss) .....	(88.9)	8.4	(88.1)	(85.6)	162.8	(91.4)
Net loss attributable to noncontrolling interest .....	—	—	—	2.5	—	2.5
Net earnings (loss) attributable to parent ....	<u>£ (88.9)</u>	<u>£ 8.4</u>	<u>£ (88.1)</u>	<u>£ (83.1)</u>	<u>£ 162.8</u>	<u>£ (88.9)</u>
Total comprehensive earnings (loss) .....	£ (89.8)	£ 8.4	£ (87.0)	£ (11.2)	£ 81.1	£ (98.5)
Comprehensive loss attributable to noncontrolling interest .....	—	—	—	8.7	—	8.7
Comprehensive earnings (loss) attributable to parent .....	<u>£ (89.8)</u>	<u>£ 8.4</u>	<u>£ (87.0)</u>	<u>£ (2.5)</u>	<u>£ 81.1</u>	<u>£ (89.8)</u>



**VIRGIN MEDIA INC.**  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**June 30, 2016**  
**(unaudited)**

Statements of cash flows	Six months ended June 30, 2016				
	Virgin Media	Virgin Media Secured Finance	Guarantors	Non-Guarantors	Total
	in millions				
Cash flows from operating activities:					
Net cash provided (used) by operating activities . . . . .	£(4.2)	£ 1.2	£ 693.5	£ 136.8	£ 827.3
Cash flows from investing activities:					
Repayments from (advances to) related parties, net . . . . .	—	—	528.9	(1,092.9)	(564.0)
Capital expenditures . . . . .	—	—	(256.6)	(37.1)	(293.7)
Other investing activities, net . . . . .	—	—	0.4	0.2	0.6
Net cash provided (used) by investing activities . . . . .	—	—	272.7	(1,129.8)	(857.1)
Cash flows from financing activities:					
Borrowings of third-party debt . . . . .	—	514.3	1,314.7	—	1,829.0
Repayments and repurchases of third-party debt and capital lease obligations . . . . .	—	—	(1,800.5)	(12.0)	(1,812.5)
Contributions (distributions) . . . . .	0.9	(509.6)	(494.6)	1,003.3	—
Net cash received related to derivative instruments . . . . .	—	—	9.8	—	9.8
Payment of financing costs and debt premiums . . . . .	—	(5.5)	(0.5)	—	(6.0)
Other financing activities, net . . . . .	—	—	0.3	14.1	14.4
Net cash provided (used) by financing activities . . . . .	0.9	(0.8)	(970.8)	1,005.4	34.7
Effect of exchange rates on cash and cash equivalents . . . . .	3.3	—	—	—	3.3
Net increase (decrease) in cash and cash equivalents . . . . .	—	0.4	(4.6)	12.4	8.2
Cash and cash equivalents:					
Beginning of period . . . . .	—	0.1	15.9	4.2	20.2
End of period . . . . .	£ —	£ 0.5	£ 11.3	£ 16.6	£ 28.4

## **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 sheets as of December 31, 2015 and 2014 (Successor), and the related consolidated statements of operations, comprehensive earnings (loss), owners' equity and cash flows for a) the years ended December 31, 2015 and 2014 (Successor) and b) the period from June 8 to 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 audits. We conducted our audits 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, 2015 and 2014 (Successor), and the results of their operations and their cash flows for a) the years ended December 31, 2015 and 2014 (Successor) and b) the period from June 8 to December 31, 2013 (Successor), in accordance with U.S. generally accepted accounting principles.

#### ***Emphasis of Matter***

As disclosed in note 1 and note 4, the consolidated balance sheet as of December 31, 2014, and the related consolidated statements of operations, comprehensive earnings (loss), owners' equity and cash flows for the year ended December 31, 2014 and the period from June 8 to December 31, 2013, have been adjusted to give retrospective effect to a transaction accounted for as a common control transfer. Our conclusion is not modified with respect to this emphasis of matter.

#### ***Other Matter***

The accompanying consolidated statements of operations, comprehensive earnings (loss), owners' equity, and cash flows for the period from January 1, 2013 through June 7, 2013 (Predecessor) of Virgin Media Inc. and its

subsidiaries, were audited by other auditors whose report thereon dated March 12, 2014, expressed an unmodified opinion on those financial statements.

**/s/ KPMG LLP**

London, England  
March 9, 2016

**VIRGIN MEDIA INC.**  
**(See note 1)**  
**CONSOLIDATED BALANCE SHEETS**

	Successor	
	December 31,	
	2015	2014 (a)
	in millions	
ASSETS		
Current assets:		
Cash and cash equivalents . . . . .	£ 20.2	£ 36.6
Trade receivables, net . . . . .	494.6	436.6
Related-party note and other receivables (note 13) . . . . .	45.4	745.3
Derivative instruments (notes 6 and 13) . . . . .	61.2	28.0
Prepaid expenses (note 13) . . . . .	39.1	43.9
Other current assets (note 10) . . . . .	37.6	63.8
Total current assets . . . . .	698.1	1,354.2
Property and equipment, net (note 8) . . . . .	5,861.2	6,074.8
Goodwill (note 8) . . . . .	5,966.6	5,933.7
Intangible assets subject to amortization, net (note 8) . . . . .	1,604.1	1,953.6
Deferred income taxes (note 10) . . . . .	1,430.7	1,506.2
Related-party notes receivable (note 13) . . . . .	3,385.1	2,322.3
Other assets, net (notes 6 and 15) . . . . .	536.6	281.8
Total assets . . . . .	£ 19,482.4	£ 19,426.6

(a) As retrospectively revised — see note 4.

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

**VIRGIN MEDIA INC.**  
**(See note 1)**  
**CONSOLIDATED BALANCE SHEETS — (Continued)**

	Successor	
	December 31,	
	2015	2014 (a)
	in millions	
LIABILITIES AND OWNERS' EQUITY		
Current liabilities:		
Accounts payable (note 13) . . . . .	£ 345.8	£ 269.4
Deferred revenue and advanced payments from subscribers and others . . . . .	383.0	360.7
Current portion of debt and capital lease obligations (notes 9 and 13) . . . . .	745.9	335.2
Derivative instruments (note 6) . . . . .	101.2	139.8
Accrued interest . . . . .	183.6	141.7
Value-added taxes (VAT) payable . . . . .	111.5	105.4
Other current liabilities (notes 13 and 14) . . . . .	457.6	500.8
Total current liabilities . . . . .	2,328.6	1,853.0
Long-term debt and capital lease obligations (note 9):		
Third-party . . . . .	9,441.6	8,349.1
Related-party (note 13) . . . . .	72.0	439.0
Other long-term liabilities (notes 6, 10, 13, 14 and 15) . . . . .	180.8	351.5
Total liabilities . . . . .	12,023.0	10,992.6
Commitments and contingent liabilities (notes 6, 9, 10, 14, 15 and 17)		
Owners' equity:		
Parent's equity:		
Additional paid-in capital . . . . .	8,359.7	9,241.0
Accumulated deficit . . . . .	(943.0)	(806.6)
Accumulated other comprehensive earnings, net of taxes . . . . .	90.9	49.0
Total parent's equity . . . . .	7,507.6	8,483.4
Noncontrolling interest . . . . .	(48.2)	(49.4)
Total owners' equity . . . . .	7,459.4	8,434.0
Total liabilities and owners' equity . . . . .	£ 19,482.4	£ 19,426.6

(a) As retrospectively revised — see note 4.

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
	Year ended December 31, 2015	Year ended December 31, 2014 (a)	Period from June 8 to December 31, 2013 (a)	Period from January 1 to June 7, 2013
Revenue (note 18) .....	£ 4,618.4	£ 4,496.9	£ 2,483.3	£ 1,810.2
Operating costs and expenses:				
Operating (other than depreciation and amortization) (note 13) .....	1,975.3	1,956.1	1,129.4	856.4
Selling, general and administrative (SG&A) (including share-based compensation) (notes 12 and 13) .....	609.3	609.3	389.7	245.1
Related-party fees and allocations, net (note 13) .....	87.6	36.6	21.1	—
Depreciation and amortization .....	1,557.8	1,608.1	941.5	432.8
Impairment, restructuring and other operating items, net (note 14) .....	10.9	12.7	37.2	51.2
	<u>4,240.9</u>	<u>4,222.8</u>	<u>2,518.9</u>	<u>1,585.5</u>
Operating income (loss) .....	<u>377.5</u>	<u>274.1</u>	<u>(35.6)</u>	<u>224.7</u>
Non-operating income (expense):				
Interest expense:				
Third-party .....	(510.5)	(457.1)	(263.6)	(156.7)
Related-party (note 13) .....	(5.7)	(52.0)	(38.3)	—
Interest income — related-party (note 13) ...	246.5	229.7	107.0	—
Realized and unrealized gains (losses) on derivative instruments, net (notes 6 and 13) .....	253.1	48.6	(203.4)	51.8
Foreign currency transaction gains (losses), net .....	(271.8)	(152.0)	142.7	(2.1)
Gains (losses) on debt modification and extinguishment, net (note 9) .....	(29.4)	20.1	0.6	(0.1)
Other income (expense), net .....	(0.4)	1.4	0.4	0.4
	<u>(318.2)</u>	<u>(361.3)</u>	<u>(254.6)</u>	<u>(106.7)</u>
Earnings (loss) before income taxes .....	<u>59.3</u>	<u>(87.2)</u>	<u>(290.2)</u>	<u>118.0</u>
Income tax expense (note 10) .....	<u>(201.2)</u>	<u>(21.4)</u>	<u>(197.5)</u>	<u>(18.1)</u>
Net earnings (loss) .....	<u>(141.9)</u>	<u>(108.6)</u>	<u>(487.7)</u>	<u>99.9</u>
Net loss (earnings) attributable to noncontrolling interest .....	<u>5.5</u>	<u>(0.6)</u>	<u>(0.1)</u>	<u>—</u>
Net earnings (loss) attributable to parent ..	<u>£ (136.4)</u>	<u>£ (109.2)</u>	<u>£ (487.8)</u>	<u>£ 99.9</u>

(a) As retrospectively revised — see note 4.

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
	Year ended December 31, 2015	Year ended December 31, 2014 (a)	Period from June 8 to December 31, 2013 (a)	Period from January 1 to June 7, 2013
Net earnings (loss) . . . . .	£ (141.9)	£ (108.6)	£ (487.7)	£ 99.9
Other comprehensive earnings (loss), net of taxes (note 16):				
Foreign currency translation adjustments . . . . .	37.3	(62.9)	151.5	(9.8)
Net unrealized gains on derivative instruments . . . . .	—	—	—	66.8
Reclassification of derivative gains to net earnings . . . . .	—	—	—	(74.4)
Pension liability adjustment . . . . .	9.1	(32.3)	(0.1)	0.6
Other comprehensive earnings (loss) . . . . .	46.4	(95.2)	151.4	(16.8)
Comprehensive earnings (loss) . . . . .	(95.5)	(203.8)	(336.3)	83.1
Comprehensive loss (earnings) attributable to noncontrolling interest . . . . .	1.0	(1.4)	(2.2)	—
Comprehensive earnings (loss) attributable to parent . . . . .	£ (94.5)	£ (205.2)	£ (338.5)	£ 83.1

(a) As retrospectively revised — see note 4.

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

**VIRGIN MEDIA INC.**

(See note 1)

**CONSOLIDATED STATEMENTS OF OWNERS' EQUITY**  
(in millions)

	Parent's equity						
	Common stock \$0.01 par value	Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive loss, net of taxes	Total parent's equity	Non-controlling interest	Total owners' equity
Predecessor:							
Balance at January 1, 2013 . . .	£ 1.4	£ 3,658.9	£ (436.1)	£ (5.8)	£ 3,218.4	£ —	£ 3,218.4
Net earnings . . . . .	—	—	99.9	—	99.9	—	99.9
Other comprehensive loss, net of taxes (note 16) . . . .	—	—	—	(16.8)	(16.8)	—	(16.8)
Exercise of stock options and tax effect . . . . .	0.1	21.6	—	—	21.7	—	21.7
Share-based compensation (note 12) . . . . .	—	11.9	—	—	11.9	—	11.9
Conversion of debt into equity . . . . .	—	(0.7)	—	—	(0.7)	—	(0.7)
Dividends paid (note 11) . . . . .	—	—	(14.2)	—	(14.2)	—	(14.2)
Other . . . . .	—	1.8	(1.8)	—	—	—	—
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>	<u>£ —</u>	<u>£ 3,320.2</u>

	Parent's equity						
	Common stock \$0.01 par value (a)	Additional paid-in capital (a)	Accumulated deficit (a)	Accumulated other comprehensive earnings, net of taxes (a)	Total parent's equity (a)	Non-controlling interest (a)	Total owners' equity (a)
Successor:							
Balance at June 7, 2013 (notes 4 and 5) . . . . .	£ —	£ 6,146.6	£ (209.6)	£ (4.3)	£ 5,932.7	£ (57.8)	£ 5,874.9
Net loss . . . . .	—	—	(487.8)	—	(487.8)	0.1	(487.7)
Other comprehensive earnings, net of taxes (note 16) . . . . .	—	—	—	149.3	149.3	2.1	151.4
Capital contribution from parent (note 11) . . . . .	—	2,343.2	—	—	2,343.2	—	2,343.2
Issuance of additional common stock to parent (note 11) . . . . .	—	987.4	—	—	987.4	—	987.4
Share-based compensation (note 12) . . . . .	—	69.5	—	—	69.5	—	69.5
Capital charge in connection with the exercise of share-based incentive awards (note 13) . . . . .	—	(69.5)	—	—	(69.5)	—	(69.5)
Other . . . . .	—	0.2	—	—	0.2	—	0.2
Balance at December 31, 2013 . . . . .	<u>£ —</u>	<u>£ 9,477.4</u>	<u>£ (697.4)</u>	<u>£ 145.0</u>	<u>£ 8,925.0</u>	<u>£ (55.6)</u>	<u>£ 8,869.4</u>

(a) As retrospectively revised — see note 4.

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

**VIRGIN MEDIA INC.**

(See note 1)

**CONSOLIDATED STATEMENTS OF OWNERS' EQUITY — (Continued)**  
(in millions)

	Parent's Equity			Non-controlling interest (a)	Total owners' equity (a)
	Additional paid-in capital (a)	Accumulated deficit (a)	Accumulated other comprehensive earnings, net of taxes (a)		
Successor:					
Balance at January 1,					
2014 .....	£ 9,477.4	£ (697.4)	£ 145.0	£ (55.6)	£ 8,869.4
Net loss .....	—	(109.2)	—	0.6	(108.6)
Other comprehensive loss, net of taxes (note 16) ..	—	—	(96.0)	0.8	(95.2)
Contribution of tax assets (note 10) .....	147.4	—	—	—	147.4
Share-based compensation (note 12) .....	28.8	—	—	—	28.8
Capital charge in connection with the exercise of share-based incentive awards (note 13) .....	(28.8)	—	—	—	(28.8)
Conversion of related-party loans receivable and related accrued interest to equity (note 13) .....	(392.6)	—	—	—	(392.6)
Deemed contribution of technology-related services (note 13) .....	8.8	—	—	4.8	13.6
Balance at December 31,					
2014 .....	<u>£ 9,241.0</u>	<u>£ (806.6)</u>	<u>£ 49.0</u>	<u>£ (49.4)</u>	<u>£ 8,434.0</u>

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

**VIRGIN MEDIA INC.**

(See note 1)

**CONSOLIDATED STATEMENTS OF OWNERS' EQUITY — (Continued)**  
(in millions)

	Parent's Equity			Non-controlling interest	Total owners' equity
	Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive earnings, net of taxes		
Successor:					
Balance at January 1,					
2015 (a) . . . . .	£ 9,241.0	£ (806.6)	£ 49.0	£ (49.4)	£ 8,434.0
Net loss . . . . .	—	(136.4)	—	(5.5)	(141.9)
Other comprehensive earnings, net of taxes (note 16) . . . . .	—	—	41.9	4.5	46.4
Consideration issued in connection with the VM Ireland Acquisition (notes 1 and 4) . . . . .	(993.8)	—	—	—	(993.8)
Deemed contribution in connection with elimination of the VM Ireland Note (note 4) . . . . .	470.0	—	—	—	470.0
Conversion of related-party loans receivable and related accrued interest to equity (note 13) . . . . .	(467.2)	—	—	—	(467.2)
Contribution of tax assets (note 10) . . . . .	105.5	—	—	—	105.5
Share-based compensation (note 12) . . . . .	24.2	—	—	0.5	24.7
Capital charge in connection with the exercise of share-based incentive awards (note 13) . . . . .	(24.1)	—	—	(0.5)	(24.6)
Deemed contribution of technology-related services (note 13) . . . . .	4.1	—	—	2.2	6.3
Balance at December 31,					
2015 . . . . .	<u>£ 8,359.7</u>	<u>£ (943.0)</u>	<u>£ 90.9</u>	<u>£ (48.2)</u>	<u>£ 7,459.4</u>

(a) As retrospectively revised — see note 4.

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
	Year ended December 31, 2015	Year ended December 31, 2014 (a)	Period from June 8 to December 31, 2013 (a)	Period from January 1 to June 7, 2013
Cash flows from operating activities:				
Net earnings (loss) . . . . .	£ (141.9)	£ (108.6)	£ (487.7)	£ 99.9
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:				
Share-based compensation expense . . . . .	35.5	33.8	85.5	22.1
Related-party fees and allocations, net . . .	87.6	36.6	21.1	—
Depreciation and amortization . . . . .	1,557.8	1,608.1	941.5	432.8
Impairment, restructuring and other operating items, net . . . . .	10.9	12.7	37.2	51.2
Amortization of deferred financing costs and non-cash interest accretion . . . . .	11.1	16.8	11.2	14.7
Realized and unrealized losses (gains) on derivative instruments, net . . . . .	(253.1)	(48.6)	203.4	(51.8)
Foreign currency transaction losses (gains), net . . . . .	271.8	152.0	(142.7)	2.1
Losses (gains) on debt modification and extinguishment, net . . . . .	29.4	(20.1)	(0.6)	0.1
Deferred income tax expense . . . . .	198.1	18.9	197.2	17.2
Changes in operating assets and liabilities, net of the effect of acquisitions:				
Receivables and other operating assets . . . . .	(123.0)	38.7	(113.9)	52.8
Payables and accruals . . . . .	(57.9)	(57.9)	(108.8)	(53.0)
Net cash provided by operating activities . . . . .	<u>1,626.3</u>	<u>1,682.4</u>	<u>643.4</u>	<u>588.1</u>
Cash flows from investing activities:				
Cash paid in connection with the VM Ireland Acquisition . . . . .	(993.8)	—	—	—
Advances to related parties, net . . . . .	(887.5)	(1,005.6)	(2,356.3)	—
Capital expenditures . . . . .	(580.2)	(650.8)	(448.1)	(313.4)
Cash paid in connection with the TV3 Acquisition, net of cash acquired . . . . .	(57.2)	—	—	—
Other investing activities, net . . . . .	<u>10.5</u>	<u>(10.1)</u>	<u>1.9</u>	<u>4.1</u>
Net cash used by investing activities . . . . .	<u>£ (2,508.2)</u>	<u>£ (1,666.5)</u>	<u>£ (2,802.5)</u>	<u>£ (309.3)</u>

(a) As retrospectively revised — see note 4.

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
	Year ended December 31, 2015	Year ended December 31, 2014 (a)	Period from June 8 to December 31, 2013 (a)	Period from January 1 to June 7, 2013
Cash flows from financing activities:				
Borrowings of third-party debt . . . . .	£ 3,587.2	£ 2,146.4	£ 1,983.4	£ —
Repayments and repurchases of third-party debt and capital lease obligations . . . . .	(2,766.1)	(2,286.2)	(4,050.9)	(46.5)
Net borrowings (repayments) of related- party notes . . . . .	69.6	(64.7)	(1,871.2)	—
Payment of financing costs and debt premiums . . . . .	(28.7)	(89.3)	(64.3)	(1.1)
Net cash received (paid) related to derivative instruments . . . . .	(17.9)	(27.1)	364.3	—
Capital contribution from parent . . . . .	—	—	3,278.0	—
Release of restricted cash from escrow . . . . .	—	—	2,313.6	—
Dividends paid . . . . .	—	—	—	(14.2)
Other financing activities, net . . . . .	19.0	(0.5)	(1.0)	22.9
Net cash provided (used) by financing activities . . . . .	863.1	(321.4)	1,951.9	(38.9)
Effect of exchange rate changes on cash and cash equivalents . . . . .	2.4	(1.9)	(5.5)	0.9
Net increase (decrease) in cash and cash equivalents . . . . .	(16.4)	(307.4)	(212.7)	240.8
Cash and cash equivalents (b):				
Beginning of period . . . . .	36.6	344.0	556.7	206.3
End of period . . . . .	£ 20.2	£ 36.6	£ 344.0	£ 447.1
Cash paid for interest . . . . .	£ 461.6	£ 410.9	£ 332.2	£ 102.9
Net cash paid for taxes . . . . .	£ 4.6	£ 0.5	£ 0.4	£ 0.1

(a) As retrospectively revised — see note 4.

(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 4 for a discussion of the VM Ireland Acquisition and note 5 for a discussion of the LG/VM Transaction.

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

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**(1) Basis of Presentation**

***General***

Virgin Media Inc. (**Virgin Media**) is a provider of video, broadband internet, fixed-line telephony and mobile services in the United Kingdom (U.K.) and Ireland. 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 5. 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.

On July 1, 2015, Liberty Global completed the approved steps of the “**LiLAC Transaction**” whereby Liberty Global (i) reclassified its then outstanding Class A, Class B and Class C Liberty Global ordinary shares into corresponding classes of new Liberty Global ordinary shares (collectively, the **Liberty Global Shares**) and (ii) capitalized a portion of its share premium account and distributed as a dividend (or a “bonus issue” under U.K. law) its LiLAC Class A, Class B and Class C ordinary shares (collectively, the **LiLAC Shares**). In these notes, the term “**Old Liberty Global Shares**” may refer, as the context requires, to (a) Liberty Global’s previously-outstanding Class A, Class B and Class C Liberty Global ordinary shares and/or (b) the previously-outstanding Series A, Series B and Series C common stock of LGI. Pursuant to the LiLAC Transaction, each holder of Class A, Class B and Class C Old Liberty Global Shares remained a holder of the same amount and class of Liberty Global Shares and received one share of the corresponding class of LiLAC Shares for each 20 Old Liberty Global Shares held as of the record date for such distribution.

During the first quarter of 2015, Liberty Global undertook various financing transactions in connection with certain internal reorganizations of its broadband and wireless communications businesses in Europe. As part of these reorganizations, on February 12, 2015, we acquired a 65.0% controlling interest in Virgin Media Ireland Ltd. (**VM Ireland**), formerly known as UPC Broadband Ireland Ltd., and its subsidiaries from a subsidiary of Liberty Global outside of the Virgin Media borrowing group (the **VM Ireland Acquisition**). The remaining 35.0% noncontrolling interest in VM Ireland was acquired by another subsidiary of Liberty Global outside of the Virgin Media borrowing group. We have accounted for the VM Ireland Acquisition as a common control transfer at carryover basis and, accordingly, our consolidated financial statements have been retrospectively revised to give effect to this transaction as of June 7, 2013, the date of the LG/VM Transaction and the earliest date that VM Ireland and Virgin Media were under the common control of Liberty Global. For additional information regarding the common control transaction, see note 4.

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 period ended on 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, as further described in note 5, 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 (**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 9.

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Unless otherwise indicated, convenience translations into pound sterling are calculated as of December 31, 2015.

These consolidated financial statements reflect our consideration of the accounting and disclosure implications of subsequent events through March 9, 2016, 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 generally to 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 £17.5 million of installation revenue during the period from January 1 to June 7, 2013 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 2015 (in millions):

Balance at January 1, 2015	£	70.7
Amounts deferred for completed installation services (a)		9.7
Amortization of deferred revenue over contract life		(6.9)
Balance at March 31, 2015		73.5
Amounts deferred for completed installation services (a)		10.1
Amortization of deferred revenue over contract life		(7.7)
Balance at June 30, 2015		75.9
Amounts deferred for completed installation services (a)		10.3
Amortization of deferred revenue over contract life		(8.7)
Balance at September 30, 2015		77.5
Amounts deferred for completed installation services (a)		10.6
Amortization of deferred revenue over contract life		(9.6)
Balance at December 31, 2015	£	78.5

(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) Accounting Changes and Recent Accounting Pronouncements**

***Accounting Changes***

In November 2015, the Financial Accounting Standards Board (**FASB**) issued Accounting Standards Update (**ASU**) No. 2015-17, *Balance Sheet Classification of Deferred Taxes* (**ASU 2015-17**). To simplify the presentation of deferred income taxes, ASU 2015-17 requires deferred tax assets and liabilities to be classified as noncurrent. ASU 2015-17 is effective for interim and annual periods beginning after December 15, 2017, with early adoption permitted. We early adopted ASU 2015-17 effective December 31, 2015 and, accordingly, all of our deferred tax balances are reflected as noncurrent in our December 31, 2015 consolidated balance sheet. Our December 31, 2014 deferred tax balances have not been retroactively revised.

***Recent Accounting Pronouncements***

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (**ASU 2016-02**), which, for most leases, will result in lessees recognizing lease assets and lease liabilities on the balance sheet. ASU 2016-02 will replace

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existing lease guidance in accordance with accounting principles generally accepted in the United States (**U.S. GAAP**) when it becomes effective for annual and interim reporting periods beginning after December 15, 2019. ASU 2016-02 requires lessees and lessors to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The modified retrospective approach also includes a number of optional practical expedients an entity may elect to apply. We expect to adopt ASU 2016-02 no later than January 1, 2019, and we are currently evaluating the effect that ASU 2016-02 will have on our consolidated financial statements and related disclosures.

In May 2014, the FASB issued ASU 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, as amended by ASU No. 2015-14, will replace existing revenue recognition guidance in accordance with U.S. GAAP when it becomes effective for annual and interim reporting periods beginning after December 15, 2018. Early application is permitted for annual and interim reporting periods that begin after December 15, 2016. This new standard permits the use of either the retrospective or cumulative effect transition method. We will adopt ASU 2014-09 effective January 1, 2018, and 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.

**(3) Summary of Significant Accounting Policies**

***Estimates***

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 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***

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

***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, 2015 and 2014, our restricted cash balances were not material.



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Our significant non-cash investing and financing activities are disclosed in our consolidated statements of owners' equity and in notes 5, 8, 9 and 13.

***Cash Flow Statement***

For purposes of determining the classification of cash flows in our consolidated statements of cash flows, payments or receipts on related-party loans are first applied to principal (included as cash flows from financing activities) and then to capitalized interest (included as cash flows from operating activities). In addition, interest-bearing cash advances to related parties and repayments thereof are classified as investing activities. All other related-party borrowings, advances and repayments are reflected as financing activities.

For purposes of our consolidated statements of cash flows, expenses financed by an intermediary are treated as hypothetical operating cash outflows and hypothetical financing cash inflows when the expenses are incurred. When we pay the financing intermediary, we record financing cash outflows in our consolidated statements of cash flows.

***Trade Receivables***

Our trade receivables are reported net of an allowance for doubtful accounts. Such allowance aggregated £12.0 million and £9.5 million at December 31, 2015 and 2014, respectively. The allowance for doubtful accounts is based upon our assessment of probable loss related to uncollectible accounts receivable. We use a number of factors in determining the allowance, including, among other things, collection trends, prevailing and anticipated economic conditions and specific customer credit risk. The allowance is maintained until either payment is received 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 6 and 9, respectively. For information concerning how we arrive at certain of our fair value measurements, see note 7.

***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 not designated as a hedge, changes in the fair value of the derivative instrument are recognized in earnings. 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. Although we designated certain of our derivative instruments as hedges prior to the LG/VM Transaction, we currently do not designate any of our derivative instruments as hedges. 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 6.

***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.

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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 8.

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. We have obligations in certain lease agreements to restore the property to its original condition or remove our property at the end of the lease term. 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.

As of December 31, 2015 and 2014, the recorded value of our asset retirement obligations was £29.9 million and £27.8 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.

For additional information regarding the useful lives of our intangible assets, see note 8.

***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.

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Such changes in circumstance may include (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 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.

***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. Certain of our valuation allowances and tax uncertainties are associated with entities that we acquired in business combinations. 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 in our consolidated statements of operations.

Virgin Media and its U.K. subsidiaries are part of a U.K. tax group, along with certain other U.K. subsidiaries of Liberty Global. The income taxes of Virgin Media are presented in our consolidated financial statements on a separate return basis for each tax paying entity. For additional information regarding our income taxes, including the tax allocations from Liberty Global see note 10.

***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 owners' 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

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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 or 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 video, 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 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 video, broadband internet, fixed-line telephony and mobile 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 — General.* Arrangement consideration from mobile contracts is allocated to the airtime service element and the handset service element based on the relative standalone prices of each element. The amount of arrangement consideration allocated to the handset is limited to the amount that is not contingent upon the delivery of future airtime services. We offer handsets under a subsidized contract model, whereby upfront revenue recognition is limited to the upfront cash collected from the customer as the remaining monthly fees to be received from the customer, including fees that may be associated with the handset, are contingent upon delivering future airtime services. Our mobile customers may choose to enter into two distinct contractual relationships: (i) a mobile handset contract and (ii) a mobile airtime services contract (**Freestyle Mobile Proposition**). Under the mobile handset contract, the customer takes full title to the handset upon delivery and typically has the option to either (a) pay for the handset in cash upon delivery or (b) pay for the handset in installments over a contractual period. Under these arrangements, the handset installment payments are not contingent upon delivering future airtime services and the arrangement consideration allocated to the handset is not limited to the upfront cash collected.

*Mobile Revenue — Airtime Services.* 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 revenue is recognized as the services are rendered or usage rights expire.

*Mobile Revenue — Handset Revenue.* Arrangement consideration allocated to handsets is recognized as revenue when the goods have been delivered and title has passed. For customers under a mobile handset installment contract that is independent of a mobile airtime services contract, revenue is recognized upon delivery only if collectibility is reasonably assured. Our assessment of collectibility is based principally on internal and external credit assessments as well as historical collection information for similar customers. To the extent that collectibility of installment payments from the customer is not reasonably assured upon delivery of the handset, handset revenue is recognized on a cash basis as customer payments are received.

*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.

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*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 VAT.* Revenue is recorded net of applicable sales and other VAT.

***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 grant date fair value of outstanding awards as a charge to operations over the vesting period. The cash benefits of tax deductions in excess of deferred taxes on recognized share-based compensation expense are reported as a financing cash flow. Payroll taxes incurred in connection with the vesting or exercise of Liberty Global's share-based incentive awards are recorded as a component of share-based compensation expense in our consolidated statements of operations.

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.

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 12.

***Litigation Costs***

Legal fees and related litigation costs are expensed as incurred.

**(4) Acquisition and Common Control Transfer**

***2015 Acquisition***

On December 7, 2015, we acquired Tullamore Beta Limited, the parent of TV3, a commercial broadcaster in Ireland, for cash consideration of €80 million (£58 million at the transaction date) (the **TV3 Acquisition**). The payment of additional contingent consideration of up to €7 million (£5 million) is dependent on the outcome of a regulatory matter. The purchase price was funded through existing liquidity.

***Common Control Transfer***

As further described in note 1, we completed the VM Ireland Acquisition in February 2015. We have accounted for this common control transfer at carryover basis and the applicable prior period information has been retrospectively revised to give effect to this transaction for periods presented after the LG/VM Transaction.

In connection with the VM Ireland Acquisition, we (i) paid aggregate cash consideration of €1,341.3 million (£993.8 million at the transaction date) to acquire (a) the controlling interest in VM Ireland, as described in note



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1, and (b) another Liberty Global's subsidiary's right to receive €634.3 million (£470.0 million at the transaction date) from a VM Ireland subsidiary pursuant to a promissory note (the **VM Ireland Note**) and (ii) received a €165.6 million (£122.7 million at the transaction date) cash payment from Liberty Global Europe 2 Limited (**LG Europe 2**), our immediate parent, formerly known as Lynx Europe 2 Limited, on the 2023 8.5% LG Europe 2 Notes Receivable (as defined and described in note 13). The €1,341.3 million (£993.8 million at the transaction date) of consideration issued in connection with the VM Ireland Acquisition was recorded as a capital transaction during the first quarter of 2015. Following our February 2015 acquisition of the right to receive €634.3 million (£470.0 million at the transaction date) pursuant to the VM Ireland Note, the amounts receivable and payable pursuant to the VM Ireland Note eliminate in consolidation. The impact of the elimination of the amount payable under the VM Ireland Note has been reflected as a deemed contribution in our consolidated statement of owners' equity for the year ended December 31, 2015.

The following table sets forth the retrospective effects of this common control transfer on our December 31, 2014 consolidated balance sheet:

	As previously reported	Successor	
		Common control adjustments	As retrospectively revised
		in millions	
Current assets . . . . .	£ 1,330.4	£ 23.8	£ 1,354.2
Property and equipment, net . . . . .	£ 5,796.2	£ 278.6	£ 6,074.8
Goodwill . . . . .	£ 5,793.7	£ 140.0	£ 5,933.7
Total assets . . . . .	£ 18,981.7	£ 444.9	£ 19,426.6
Current liabilities . . . . .	£ 1,778.8	£ 74.2	£ 1,853.0
Long-term debt and capital lease obligations . . . . .	£ 8,348.9	£ 439.2	£ 8,788.1
Total liabilities . . . . .	£ 10,406.6	£ 586.0	£ 10,992.6
Total parent's equity . . . . .	£ 8,575.1	£ (91.7)	£ 8,483.4
Total owners' equity . . . . .	£ 8,575.1	£ (141.1)	£ 8,434.0
Total liabilities and owners' equity . . . . .	£ 18,981.7	£ 444.9	£ 19,426.6

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The following table sets forth the retrospective effects of this common control transfer on our operating results for the year ended December 31, 2014 and the period from June 8 to December 31, 2013:

	Successor					
	Year ended December 31, 2014			Period from June 8 to December 31, 2013		
	As previously reported	Common control adjustments	As retrospectively revised	As previously reported	Common control adjustments	As retrospectively revised
	in millions					
Revenue . . . . .	£ 4,214.2	£ 282.7	£ 4,496.9	£ 2,310.2	£ 173.1	£ 2,483.3
Operating expenses (a) . . . . .	£ 1,846.1	£ 110.0	£ 1,956.1	£ 1,062.3	£ 67.1	£ 1,129.4
SG&A expenses (a) . . . . .	£ 574.7	£ 34.6	£ 609.3	£ 369.5	£ 20.2	£ 389.7
Depreciation and amortization expense . . . . .	£ 1,555.9	£ 52.2	£ 1,608.1	£ 910.2	£ 31.3	£ 941.5
Non-operating expense, net . . . . .	£ (309.2)	£ (52.1)	£ (361.3)	£ (222.2)	£ (32.4)	£ (254.6)
Income tax expense . . . . .	£ (21.5)	£ 0.1	£ (21.4)	£ (197.5)	£ —	£ (197.5)
Net loss . . . . .	£ (110.6)	£ 2.0	£ (108.6)	£ (488.0)	£ 0.3	£ (487.7)
Net loss attributable to parent . . . . .	£ (110.6)	£ 1.4	£ (109.2)	£ (488.0)	£ 0.2	£ (487.8)

(a) Previously reported amounts have been reclassified to conform to the current year presentation.

**(5) 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 Old Liberty Global Shares, (ii) 0.6438 Class C Old Liberty Global Shares 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 Old Liberty Global Share; each share of Series B common stock of LGI was converted into the right to receive one Class B Old Liberty Global Share; and each share of Series C common stock of LGI was converted into the right to receive one Class C Old Liberty Global Share.

In connection with the completion of the LG/VM Transaction, Liberty Global issued 70,233,842 Class A and 175,122,182 Class C Old Liberty Global Shares to holders of Virgin Media common stock and 141,234,331 Class A, 10,176,295 Class B and 362,556,220 Class C Old Liberty Global Shares to holders of LGI Series A, Series B and Series C common stock, respectively.

In connection with the execution of the LG/VM Transaction, we entered into various debt financing arrangements.

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 9), (ii) borrowings under the VM Credit Facility (as defined and described in note 9) and (iii) our and Liberty Global's existing liquidity.

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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 Old Liberty Global Shares (a) .....	£	1,760.5
Class C Old Liberty Global Shares (a) .....		4,100.2
Cash (b) .....		3,064.1
Fair value of the vested portion of Virgin Media stock incentive awards (c) .....		<u>174.1</u>
Total equity and cash consideration .....	£	<u><u>9,098.9</u></u>

- 
- (a) Represents the value assigned to the 70,233,842 Class A and 175,122,182 Class C Old Liberty Global 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 \$38.94 and \$36.37, 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.
- (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) .....		<u>144.9</u>
Opening push-down equity .....	£	<u><u>6,147.3</u></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 £55.2 million, including professional fees and other related costs, have been expensed as incurred. With the exception of £1.6 million, these transaction costs were incurred prior to June 8, 2013.

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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>

- 
- (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) synergies that were 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 was 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 approximated market rates. During the period from June 8, 2013 through December 31, 2013 and the year ended December 31, 2014, £14.4 million and £8.6 million, respectively, of this liability was amortized as a reduction of operating expenses in our consolidated statements of operations.
- (e) Amount includes the equity component of the 6.50% convertible senior notes (the **VM Convertible Notes**) of £1,068.5 million (on the date of the LG/VM Transaction) that was reflected as a current derivative liability at June 7, 2013. Following the LG/VM Transaction and through December 31, 2013, 94.4% of the VM Convertible Notes were exchanged for Class A and Class C Old Liberty Global Shares and cash pursuant to the terms of the indenture underlying the VM Convertible Notes.
- (f) No amounts were allocated to deferred revenue with respect to the then ongoing performance obligations associated with our B2B service contracts, as the remaining fees to be received under these contracts approximated fair value given our estimates of the costs associated with these performance obligations.

**(6) Derivative Instruments**

In general, we seek to enter into derivative instruments to protect against (i) increases in the interest rates on our variable-rate debt, (ii) foreign currency movements, particularly with respect to borrowings that are denominated in a currency other than the functional currency of the borrowing entity and (iii) equity exposure

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with respect to the dilutive effects of the VM Convertible Notes. In this regard, we have entered into various derivative instruments to manage interest rate exposure and foreign currency exposure with respect to the United States (U.S.) dollar (\$) and the euro (€). Although we designated certain of our derivative instruments as hedges prior to the LG/VM Transaction, we currently do not designate our derivative instruments as hedges. 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).

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

		Successor					
		December 31, 2015			December 31, 2014		
		Current	Long-term (a)	Total	Current	Long-term (a)	Total
in millions							
<b>Assets:</b>							
Cross-currency and interest rate derivative contracts (b) . . . . .	£	37.1	£ 272.9	£ 310.0	£ 28.0	£ 102.0	£ 130.0
Equity-related derivative instruments (c) . . . . .		23.5	—	23.5	—	21.7	21.7
Foreign currency forward contracts — related-party . . . . .		0.6	—	0.6	—	—	—
Total . . . . .	£	61.2	£ 272.9	£ 334.1	£ 28.0	£ 123.7	£ 151.7
<b>Liabilities:</b>							
Cross-currency and interest rate derivative contracts (b) . . . . .	£	29.1	£ 26.8	£ 55.9	£ 61.8	£ 101.5	£ 163.3
Equity-related derivative instruments (c) . . . . .		72.1	—	72.1	78.0	—	78.0
Total . . . . .	£	101.2	£ 26.8	£ 128.0	£ 139.8	£ 101.5	£ 241.3

- (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, 2015 and 2014, (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 £8.2 million and £1.8 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 £1.3 million and £6.2 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 (£11.3 million), (£25.3 million), £29.7 million and (£6.8 million) during the year ended December 31, 2015, the year ended December 31, 2014, the period from June 8 to December 31, 2013 and the 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 on derivative instruments in our consolidated statements of comprehensive earnings (loss) during the



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Predecessor period from January 1 to June 7, 2013, gains and losses associated with credit risk adjustments are included in realized and unrealized gains (losses) on derivative instruments, net, in our consolidated statements of operations. For further information regarding our fair value measurements, see note 7.

- (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.

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

	Successor			Predecessor (a)
	Year ended December 31, 2015	Year ended December 31, 2014	Period from June 8 to December 31, 2013	Period from January 1 to June 7, 2013
Cross-currency and interest rate derivative contracts .....	£ 249.6	£ 53.9	£ (230.7)	£ (0.3)
Equity-related derivative instruments (b) .....	10.2	(6.0)	31.1	50.0
Foreign currency forward contracts (c) .....	(6.7)	0.7	(3.8)	2.1
Total .....	£ 253.1	£ 48.6	£ (203.4)	£ 51.8

- (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 during the period from January 1 to June 7, 2013. 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 from January 1 to June 7, 2013 is reflected in other comprehensive earnings (loss).
- (b) Primarily 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.
- (c) Included in the amounts for the year ended December 31, 2015, the year ended December 31, 2014 and the period from June 8 to December 31, 2013 are gains or losses associated with related-party derivative instruments with Liberty Global Europe Financing BV (**LGE Financing**), a subsidiary of Liberty Global. For additional information, see note 13.

The net cash received or paid related to 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 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 net cash inflows (outflows) is as follows (in millions):

	Successor			Predecessor
	Year ended December 31, 2015	Year ended December 31, 2014	Period from June 8 to December 31, 2013	Period from January 1 to June 7, 2013
Operating activities .....	£ (36.9)	£ (42.0)	£ (12.3)	£ (15.8)
Investing activities .....	—	—	—	2.1
Financing activities .....	(17.9)	(27.1)	364.3	—
Total .....	£ (54.8)	£ (69.1)	£ 352.0	£ (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,

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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. Collateral is generally not posted by either party under our derivative instruments. At December 31, 2015, our exposure to counterparty credit risk included derivative assets with an aggregate fair value of £330.1 million.

We have entered into derivative instruments under master agreements with each counterparty that contain master netting arrangements that are applicable in the event of early termination by either party to such derivative instrument. The master netting arrangements under each of these master agreements are limited to the derivative instruments governed by the relevant master agreement and are independent of similar arrangements.

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.

In addition, where a counterparty is in financial difficulty, under the laws of certain jurisdictions, the relevant regulators may be able to (i) compel the termination of one or more derivative instruments, determine the settlement amount and/or compel, without any payment, the partial or full discharge of liabilities arising from such early termination that are payable by the relevant counterparty or (ii) transfer the derivative instruments to an alternative counterparty.

**Details of our Derivative Instruments**

In the following tables, we present the details of the various categories of our subsidiary's derivative instruments. The notional amounts 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 December 31, 2015, we present a single date that represents the applicable final maturity date. For derivative instruments that become effective subsequent to December 31, 2015, 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 December 31, 2015 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			
January 2023 .....	\$ 400.0	€ 339.6	5.75%	4.33%
June 2023 .....	\$ 1,855.0	£ 1,198.3	6 mo. U.S. LIBOR + 2.75%	6 mo. LIBOR + 3.18%
February 2022 .....	\$ 1,400.0	£ 873.6	5.01%	5.49%
January 2023 .....	\$ 1,000.0	£ 648.6	5.25%	5.32%
January 2021 .....	\$ 500.0	£ 308.9	5.25%	6 mo. LIBOR + 2.06%
October 2022 .....	\$ 450.0	£ 272.0	6.00%	6.43%
January 2022 .....	\$ 425.0	£ 255.8	5.50%	5.82%
April 2019 .....	\$ 191.5	£ 122.3	5.38%	5.49%
November 2016 (a) .....	\$ 55.0	£ 27.7	6.50%	7.03%
October 2019 .....	\$ 50.0	£ 30.3	8.38%	8.98%
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 December 31, 2015, 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%
October 2018 — June 2023 .....	£ 1,200.0	6 mo. LIBOR	2.49%
January 2021 .....	£ 650.0	5.50%	6 mo. LIBOR + 1.84%
January 2021 .....	£ 650.0	6 mo. LIBOR + 1.84%	3.87%
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**) in order to offset a portion of the dilutive effects associated with the exchange of certain of our exchangeable notes. During 2013, and in connection with the exchange of certain of our exchangeable notes, 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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***Foreign Currency Forward Contracts – Related-Party***

The following table summarizes the foreign currency forward contracts between VMIH and LGE Financing at December 31, 2015:

<u>Maturity date</u>	<u>Currency purchased forward</u>	<u>Currency sold forward</u>
	<u>in millions</u>	
January 2016 .....	\$ 2.0	£ 1.3
February 2016 .....	\$ 13.5	£ 8.9
March 2016 .....	\$ 0.3	£ 0.2
April 2016 .....	\$ 0.8	£ 0.5
May 2016 .....	\$ 14.1	£ 9.3

**(7) 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, 2015 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 into or out of Levels 1, 2 or 3 at the beginning of the quarter during which the transfer occurred. During 2015, 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 derivative instruments 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 derivative instruments 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 December 31, 2015 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 6, 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

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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 6.

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 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. We did not perform any significant nonrecurring fair value measurements during 2015 and 2014.

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

Description	Successor			
	December 31, 2015	Fair value measurements at December 31, 2015 using:		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:				
Cross-currency and interest rate derivative contracts . . . . .	£ 310.0	£ —	£ 310.0	£ —
Equity-related derivative instruments . . . . .	23.5	—	—	23.5
Foreign currency forward contracts — related- party . . . . .	0.6	—	0.6	—
Total assets . . . . .	£ 334.1	£ —	£ 310.6	£ 23.5
Liabilities:				
Cross-currency and interest rate derivative contracts . . . . .	£ 55.9	£ —	£ 55.9	£ —
Equity-related derivative instruments . . . . .	72.1	—	—	72.1
Total liabilities . . . . .	£ 128.0	£ —	£ 55.9	£ 72.1



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<u>Description</u>	Successor			
	Fair value measurements at December 31, 2014 using:			
	December 31, 2014	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		in millions		
Assets:				
Cross-currency and interest rate derivative contracts .....	£ 130.0	£ —	£ 130.0	£ —
Equity-related derivative instruments .....	21.7	—	—	21.7
Total assets .....	£ 151.7	£ —	£ 130.0	£ 21.7
Liabilities:				
Cross-currency and interest rate derivative contracts .....	£ 163.3	£ —	£ 163.3	£ —
Equity-related derivative instruments .....	78.0	—	—	78.0
Total liabilities .....	£ 241.3	£ —	£ 163.3	£ 78.0

**(8) Long-lived Assets**

***Property and Equipment, Net***

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

	Estimated useful life at December 31, 2015	Successor	
		December 31,	
		2015	2014 (a)
		in millions	
Distribution systems .....	3 to 30 years	£ 6,344.3	£ 5,935.4
Customer premises equipment .....	5 years	1,543.7	1,295.2
Support equipment, buildings and land .....	3 to 50 years	1,023.4	827.2
		8,911.4	8,057.8
Accumulated depreciation .....		(3,050.2)	(1,983.0)
Total property and equipment, net .....		£ 5,861.2	£ 6,074.8

(a) As retrospectively revised — see note 4.

Depreciation expense related to our property and equipment was £1,193.6 million, £1,243.3 million, £736.0 million and £432.8 million during the year ended December 31, 2015, the year ended December 31, 2014, the period from June 8 to December 31, 2013 and the period from January 1 to June 7, 2013, respectively.

At December 31, 2015 and 2014, the amount of property and equipment, net, recorded under capital leases was £186.4 million and £273.6 million, respectively. Most of these amounts relate to assets included in our customer premises equipment category. Depreciation of assets under capital leases is included in depreciation and amortization in our consolidated statements of operations.

During the year ended December 31, 2015, the year ended December 31, 2014, the period from June 8 to December 31, 2013 and the period from January 1 to June 7, 2013, we recorded non-cash increases related to vendor financing arrangements of £380.4 million, £220.3 million, £34.8 million and nil, respectively, which exclude related VAT of £53.5 million, £27.4 million, £3.0 million and nil, respectively, that were also financed

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by our vendors under these arrangements. In addition, during the year ended December 31, 2015, the year ended December 31, 2014, the period from June 8 to December 31, 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 £16.8 million, £28.8 million, £28.5 million and £59.6 million, respectively.

Most of our property and equipment is pledged as security under our various debt instruments. For additional information, see note 9.

***Goodwill***

Changes in the carrying amount of our goodwill during 2015 are set forth below (in millions):

Successor:

January 1, 2015	£	5,933.7
Acquisitions and related adjustments		39.9
Foreign currency translation adjustments		(7.0)
December 31, 2015	£	<u>5,966.6</u>

Changes in the carrying amount of our goodwill during 2014 are set forth below (in millions):

Successor (a):

January 1, 2014	£	5,942.3
Foreign currency translation adjustments		(9.9)
Acquisitions and related adjustments		1.3
December 31, 2014	£	<u>5,933.7</u>

(a) As retrospectively revised — see note 4.

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.

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

The details of our intangible assets subject to amortization are set forth below:

Estimated useful life at December 31, 2015	Successor					
	December 31, 2015			December 31, 2014 (a)		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
in millions						
Customer relationships . . . . . 5 to 8 years	£2,522.3	£ (933.0)	£1,589.3	£2,522.4	£ (568.8)	£1,953.6
Trademark . . . . . 10 to 20 years	14.9	(0.1)	14.8	—	—	—
	<u>£2,537.2</u>	<u>£ (933.1)</u>	<u>£1,604.1</u>	<u>£2,522.4</u>	<u>£ (568.8)</u>	<u>£1,953.6</u>

(a) As retrospectively revised — see note 4.

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Amortization expense related to intangible assets with finite useful lives was £364.2 million, £364.8 million, £205.5 million and nil during the year ended December 31, 2015, the year ended December 31, 2014, the period from June 8 to December 31, 2013 and the period from January 1 to June 7, 2013, respectively. Based on the amortizable intangible asset balances at December 31, 2015, we expect that amortization expense will be as follows for the next five years and thereafter. The pound sterling equivalents of such amortization expense amounts as of December 31, 2015 are presented below (in millions):

2016 .....	£ 364.9
2017 .....	364.9
2018 .....	364.9
2019 .....	364.9
2020 .....	132.6
Thereafter .....	11.9
Total .....	<u>£ 1,604.1</u>

**(9) Debt and Capital Lease Obligations**

The pound sterling equivalents of the components of our consolidated debt and capital lease obligations are as follows:

	Successor					
	December 31, 2015		Estimated fair value (b)		Carrying value (c)	
	Weighted average interest rate (a)	Unused borrowing capacity	December 31,		December 31,	
			2015	2014 (d)	2015	2014 (d)
	in millions					
Third-party debt:						
Parent:						
VM Convertible						
Notes (e) . . . . .	6.50%	£ —	£ 110.5	£ 114.7	£ 38.1	£ 36.5
Subsidiaries:						
VM Notes . . . . .	5.61%	—	7,190.5	5,430.4	7,182.7	5,173.4
VM Credit Facility . . . . .	3.73%	(f)	2,317.0	3,038.9	2,345.1	3,083.3
Vendor financing (g) . . . . .	3.43%	—	513.4	227.0	513.4	227.0
Total third-party debt . . .	<u>5.06%</u>	<u>—</u>	<u>£ 10,131.4</u>	<u>£ 8,811.0</u>	10,079.3	8,520.2
Related-party debt (note 13):						
LG Europe 2 Note (h) . . . . .	5.26%	—	(h)	—	72.0	—
VM Ireland Note (i) . . . . .	<u>—</u>	<u>—</u>	<u>—</u>	(i)	<u>—</u>	<u>439.0</u>
Total related-party debt . . . . .	<u>5.26%</u>	<u>—</u>			<u>72.0</u>	<u>439.0</u>
Total debt . . . . .	<u>5.06%</u>	<u>£ —</u>			10,151.3	8,959.2
Capital lease obligations:						
Third-party . . . . .					108.2	163.8
Related-party . . . . .					<u>—</u>	<u>0.3</u>
Total capital lease obligations . . . . .					108.2	164.1
Total debt and capital lease obligations . . . . .					10,259.5	9,123.3
Current maturities . . . . .					<u>(745.9)</u>	<u>(335.2)</u>
Long-term debt and capital lease obligations . . . . .					£ 9,513.6	£ 8,788.1

(a) Represents the weighted average interest rate in effect at December 31, 2015 for all borrowings outstanding pursuant to each debt instrument, including any applicable margin. The interest rates presented represent

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stated rates and do not include the impact of derivative instruments, deferred financing costs, original issue premiums or discounts and commitment fees, all of which affect our overall cost of borrowing. Including the effects of derivative instruments, original issue premiums or discounts and commitment fees, but excluding the impact of financing costs, our weighted average interest rate on our aggregate third-party variable- and fixed-rate indebtedness was 5.3% at December 31, 2015. For information regarding our derivative instruments, see note 6.

- (b) 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 7.
- (c) Amounts include the impact of premiums and discounts, where applicable.
- (d) As retrospectively revised — see note 4.
- (e) The amounts reported in the estimated fair value column for the VM Convertible Notes represent the estimated fair value of the remaining VM Convertible Notes outstanding as of December 31, 2015 and December 31, 2014, including both the debt and equity components. Effective with the July 1, 2015 completion of the LiLAC Transaction, the VM Convertible Notes are exchangeable under certain conditions for 14.0791 Class A Liberty Global Shares, 35.1665 Class C Liberty Global Shares and \$910.51 (£617.97) in cash (without interest) for each \$1,000 (£678.7) in principal amount of VM Convertible Notes exchanged.
- (f) Unused borrowing capacity represents the maximum availability under the VM Credit Facility (as defined and described below) at December 31, 2015 without regard to covenant compliance calculations or other conditions precedent to borrowing. The VM Revolving Facility (as defined and described under *VM Credit Facility* below) is a multi-currency revolving facility with maximum borrowing capacity equivalent to £675.0 million. The £147.5 million outstanding balance at December 31, 2015 was borrowed in euros. At December 31, 2015, based on the applicable leverage and other financial covenants, the full £527.5 million of unused borrowing capacity was available to be borrowed. When the relevant December 31, 2015 compliance reporting requirements have been completed, and assuming no changes from December 31, 2015 borrowing levels, we anticipate that the full amount of unused borrowing capacity will continue to be available. In addition to these limitations, 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, 2015, the full amount of unused borrowing capacity was available to be loaned or distributed by the borrowers of the VM Credit Facility. When the relevant December 31, 2015 compliance reporting requirements have been completed and assuming no changes from December 31, 2015 borrowing levels, we anticipate that the full amount of unused borrowing capacity will continue to be available to be loaned or distributed by the borrowers of the VM Credit Facility.
- (g) Represents amounts owed pursuant to interest-bearing vendor financing arrangements that are used to finance certain of our property and equipment additions and, to a lesser extent, certain of our operating expenses. These obligations are due within one year. At December 31, 2015 and 2014, the amounts owed pursuant to these arrangements include £60.8 million and £27.4 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 consolidated statements of cash flows.
- (h) Represents a note payable to LG Europe 2 that originated in December 2015. This note matures on December 18, 2017 and bears interest at a rate of 5.26%. Accrued interest may be, as agreed to by our company and LG Europe 2, (i) transferred to the loan balance annually on January 1 or (ii) repaid on the last day of each month and on the date of principal repayments. The fair value of this loan is not subject to reasonable estimation due to the related-party nature of the loan.

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- (i) The December 31, 2014 amount represents the principal amount owed under the VM Ireland Note. Following our February 2015 acquisition of the right to receive amounts due under the VM Ireland Note in connection with the VM Ireland Acquisition, the amounts payable and receivable under the VM Ireland Note eliminate in consolidation. For additional information, see note 4. The fair value of this loan is not subject to reasonable estimation due to the related-party nature of the loan.

***General Information***

*Credit Facility.* We have entered into a credit facilities agreement with certain financial institutions (the “**credit facility**”). Our credit facility contains certain covenants and restrictions, the more notable of which are as follows:

- Our credit facility contains certain consolidated net leverage ratios, as specified in the credit facility, which are required to be complied with on an incurrence and, in certain circumstances, a maintenance basis;
- Our credit facility contains certain restrictions which, among other things, restrict our ability to (i) incur or guarantee certain financial indebtedness, (ii) make certain disposals and acquisitions, (iii) create certain security interests over our assets, in each case, subject to certain customary and agreed exceptions and (iv) make certain restricted payments to our direct and/or indirect parent companies through dividends, loans or other distributions, subject to compliance with applicable covenants;
- Our credit facility requires that certain subsidiaries of Virgin Media (i) guarantee the payment of all sums payable under the credit facility and (ii) grant first-ranking security over substantially all of our assets to secure the payment of all sums payable thereunder;
- In addition to certain mandatory prepayment events, the instructing group of lenders under our credit facility may cancel the commitments thereunder and declare the loans thereunder due and payable after the applicable notice period following the occurrence of a change of control (as specified in the credit facility);
- Our credit facility contains certain customary events of default, the occurrence of which, subject to certain exceptions and materiality qualifications, would allow the instructing group of 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;
- Our credit facility requires that we observe certain affirmative and negative undertakings and covenants, which are subject to certain materiality qualifications and other customary and agreed exceptions; and
- In addition to customary default provisions, our credit facility includes cross-default provisions with respect to our other indebtedness, subject to agreed minimum thresholds and other customary and agreed exceptions.

*Senior and Senior Secured Notes.* Virgin Media Finance PLC (**Virgin Media Finance**) and Virgin Media Secured Finance PLC (**Virgin Media Secured Finance**), each a wholly-owned subsidiary of Virgin Media, have issued certain senior and senior secured notes, respectively. In general, our senior and senior secured notes (i) are senior obligations of each respective issuer that rank equally with all of the existing and future senior debt of such issuer and are senior to all existing and future subordinated debt of each respective issuer, (ii) contain, in most instances, certain guarantees from Virgin Media and certain other subsidiaries of Virgin Media (as specified in the applicable indenture) and (iii) with respect to our senior secured notes, are secured by certain pledges or



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liens over the assets and/or shares of our subsidiaries. In addition, the indentures governing our senior and senior secured notes contain certain covenants, the more notable of which are as follows:

- Our notes contain (i) certain customary incurrence-based covenants and (ii) contain certain restrictions that, among other things, restrict our ability to (a) incur or guarantee certain financial indebtedness, (b) make certain disposals and acquisitions, (c) create certain security interests over our assets, in each case, subject to certain customary and agreed exceptions and (d) make certain restricted payments to our direct and/or indirect parent companies through dividends, loans or other distributions, subject to compliance with applicable covenants;
- Our 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 the issuer or certain subsidiaries, over agreed minimum thresholds (as specified under the applicable indenture) is an event of default under the respective notes;
- If the relevant issuer or certain of its subsidiaries (as specified in the applicable indenture) sell certain assets, such issuer must offer to repurchase the applicable notes at par, or if a change of control (as specified in the applicable indenture) occurs, such issuer must offer to repurchase all of the relevant notes at a redemption price of 101%; and
- Our senior secured notes contain certain early redemption provisions including the ability to, during each 12-month period commencing on the issue date for such notes until the applicable call date, redeem up to 10% of the principal amount of the notes to be redeemed at a redemption price equal to 103% of the principal amount of the notes to be redeemed plus accrued and unpaid interest.

**VM Notes**

The details of the outstanding notes of Virgin Media as of December 31, 2015 are summarized in the following table:

VM Notes	Maturity	Interest rate	Original issue amount	Outstanding principal amount		Estimated fair value	Carrying value (a)
				Borrowing currency	Pound sterling equivalent		
				in millions			
VM Senior Notes (b):							
2022 VM Senior Notes:							
2022 VM 4.875% Dollar Senior Notes . . . . .	February 15, 2022	4.875%	\$118.7	\$118.7	£ 80.6	£ 73.3	£ 81.1
2022 VM 5.25% Dollar Senior Notes . . . . .	February 15, 2022	5.250%	\$ 95.0	\$ 95.0	64.5	60.0	64.9
2022 VM Sterling Senior Notes . . . .	February 15, 2022	5.125%	£ 44.1	£ 44.1	44.1	43.1	44.4
2023 VM Senior Notes:							
2023 VM Dollar Senior Notes . . . . .	April 15, 2023	6.375%	\$530.0	\$530.0	359.7	366.5	359.7
2023 VM Sterling Senior Notes . . . .	April 15, 2023	7.000%	£250.0	£250.0	250.0	263.4	250.0
2024 VM Senior Notes:							
2024 VM Dollar Senior Notes . . . . .	October 15, 2024	6.000%	\$500.0	\$500.0	339.4	338.3	339.4
2024 VM Sterling Senior Notes . . . .	October 15, 2024	6.375%	£300.0	£300.0	300.0	304.7	300.0
2025 VM Senior Notes:							
2025 VM Euro Senior Notes . . . . .	January 15, 2025	4.500%	€460.0	€460.0	339.3	323.4	339.3
2025 VM Dollar Senior Notes . . . . .	January 15, 2025	5.750%	\$400.0	\$400.0	271.5	264.2	271.5
VM Senior Secured Notes (c):							
January 2021 VM Senior Secured Notes:							
January 2021 VM Sterling Senior Secured Notes . . . . .	January 15, 2021	5.500%	£628.4	£628.4	628.4	668.5	635.4
January 2021 VM Dollar Senior Secured Notes . . . . .	January 15, 2021	5.250%	\$447.9	\$447.9	304.0	320.7	310.9

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VM Notes	Maturity	Interest rate	Original issue amount	Outstanding principal amount		Estimated fair value	Carrying value (a)
				Borrowing currency	Pound sterling equivalent in millions		
April 2021 VM Senior Secured Notes:							
April 2021 VM Sterling Senior Secured Notes .....	April 15, 2021	6.000%	£ 1,100.0	£ 990.0	990.0	1,028.4	990.0
April 2021 VM Dollar Senior Secured Notes .....	April 15, 2021	5.375%	\$ 1,000.0	\$ 900.0	610.8	633.0	610.8
2025 VM Senior Secured Notes:							
2025 VM 5.5% Sterling Senior Secured Notes .....	January 15, 2025	5.500%	£ 430.0	£ 387.0	387.0	380.5	387.0
2025 VM 5.125% Sterling Senior Secured Notes .....	January 15, 2025	5.125%	£ 300.0	£ 300.0	300.0	287.4	300.0
2025 VM Dollar Senior Secured Notes .....	January 15, 2025	5.500%	\$ 425.0	\$ 425.0	288.5	288.8	288.5
2026 VM Senior Secured Notes ....	January 15, 2026	5.250%	\$ 1,000.0	\$ 1,000.0	678.7	659.6	682.0
2027 VM Senior Secured Notes ....	January 15, 2027	4.875%	£ 525.0	£ 525.0	525.0	483.7	525.0
2029 VM Senior Secured Notes ....	March 28, 2029	6.250%	£ 400.0	£ 400.0	400.0	403.0	402.8
Total .....					<u>£7,161.5</u>	<u>£7,190.5</u>	<u>£7,182.7</u>

- (a) Amounts include the impact of premiums, where applicable, including amounts recorded in connection with the acquisition accounting for the LG/VM Transaction.
- (b) The VM Senior Notes were issued by Virgin Media Finance.
- (c) The VM Senior Secured Notes were issued by Virgin Media Secured Finance.

Subject to the circumstances described below, the VM Notes are non-callable prior to the applicable call date (**Call Date**) as presented in the below table. At any time prior to the respective Call Date, Virgin Media Secured Finance or Virgin Media Finance may redeem some or all of the applicable notes by paying a “make-whole” premium, which is the present value of all remaining scheduled interest payments to the applicable Call Date using the discount rate (as specified in the applicable indenture) as of the redemption date plus 50 basis points (25 basis points in the case of the January 2021 VM Senior Secured Notes).

VM Notes	Call Date
2022 VM Senior Notes .....	(a)
2023 VM Senior Notes .....	April 15, 2018
2024 VM Senior Notes .....	October 15, 2019
2025 VM Senior Notes .....	January 15, 2020
January 2021 VM Senior Secured Notes .....	(a)
April 2021 VM Senior Secured Notes .....	April 15, 2017
2025 VM 5.5% Sterling Senior Secured Notes .....	January 15, 2019
2025 VM Dollar Senior Secured Notes .....	January 15, 2019
2025 VM 5.125% Sterling Senior Secured Notes .....	January 15, 2020
2026 VM Senior Secured Notes .....	January 15, 2020
2027 VM Senior Secured Notes .....	January 15, 2021
2029 VM Senior Secured Notes .....	January 15, 2021

- (a) The 2022 VM Senior Notes and the January 2021 VM Senior Secured Notes are non-callable. At any time prior to maturity, some or all of these notes may be redeemed by paying a “make-whole” premium, which is the present value of all remaining scheduled interest payments to the respective maturity date.

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Virgin Media Finance or Virgin Media Secured Finance (as applicable) may redeem some or all of the VM Senior Notes and the VM Senior Secured Notes (with the exception of the 2022 VM Senior Notes and the January 2021 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 specified in the applicable indenture), if any, to the applicable redemption date, as set forth below:

	Redemption price					
	2023 VM Dollar Senior Notes	2023 VM Sterling Senior Notes	2024 VM Dollar Senior Notes	2024 VM Sterling Senior Notes	2025 VM Dollar Senior Notes	2025 VM Euro Senior Notes
12-month period						
commencing . . . . .	April 15	April 15	October 15	October 15	January 15	January 15
2016 . . . . .	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
2017 . . . . .	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
2018 . . . . .	103.188%	103.500%	N.A.	N.A.	N.A.	N.A.
2019 . . . . .	102.125%	102.333%	103.000%	103.188%	N.A.	N.A.
2020 . . . . .	101.063%	101.667%	102.000%	102.125%	102.875%	102.250%
2021 . . . . .	100.000%	100.000%	101.000%	101.063%	101.917%	101.500%
2022 . . . . .	100.000%	100.000%	100.000%	100.000%	100.958%	100.750%
2023 . . . . .	N.A.	N.A.	100.000%	100.000%	100.000%	100.000%
2024 and thereafter . . . . .	N.A.	N.A.	N.A.	N.A.	100.000%	100.000%

	Redemption price							
	April 2021 VM Dollar Senior Secured Notes	April 2021 VM Sterling Senior Secured Notes	2025 VM 5.5% Sterling Senior Secured Notes	2025 VM Dollar Senior Secured Notes	2025 VM 5.125% Sterling Senior Secured Notes	2026 VM Senior Secured Notes	2027 VM Senior Secured Notes	2029 VM Senior Secured Notes
12-month period								
commencing . . . . .	April 15	April 15	January 15	January 15	January 15	January 15	January 15	January 15
2016 . . . . .	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
2017 . . . . .	102.688%	103.000%	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
2018 . . . . .	101.344%	101.500%	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
2019 . . . . .	100.000%	100.000%	102.750%	102.750%	N.A.	N.A.	N.A.	N.A.
2020 . . . . .	100.000%	100.000%	101.833%	101.833%	102.563%	102.625%	N.A.	N.A.
2021 . . . . .	N.A.	N.A.	100.000%	100.000%	101.708%	101.313%	102.438%	103.125%
2022 . . . . .	N.A.	N.A.	100.000%	100.000%	100.854%	100.656%	101.219%	102.083%
2023 . . . . .	N.A.	N.A.	100.000%	100.000%	100.000%	100.000%	100.609%	101.042%
2024 and thereafter . . . . .	N.A.	N.A.	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%

**2015 Refinancing Transactions.** On January 28, 2015, in connection with the VM Ireland Acquisition , (i) Virgin Media Secured Finance issued the 2025 VM 5.125% Sterling Senior Secured Notes and (ii) Virgin Media Finance issued the 2025 VM Senior Notes.

On March 30, 2015, Virgin Media Secured Finance issued (i) \$500.0 million (£339.4 million) principal amount of 5.25% senior secured notes due January 15, 2026 (the **Original 2026 VM Senior Secured Notes**) and (ii) the 2027 VM Senior Secured Notes. On April 30, 2015, Virgin Media Secured Finance issued \$500.0 million (£339.4 million) principal amount of 5.25% senior secured notes due January 15, 2026 (the **Additional 2026 VM Senior Secured Notes**) and, together with the Original 2026 VM Senior Secured Notes, the **2026 VM Senior Secured Notes**). The Additional 2026 VM Senior Secured Notes were issued at 101% of par. The net proceeds from the 2026 VM Senior Secured Notes and the 2027 VM Senior Secured Notes were used to (a) redeem 10% of the principal amount of each of the following: (1) the April 2021 VM Sterling Senior Secured Notes, (2) the April 2021 VM Dollar Senior Secured Notes and (3) the 2025 VM 5.5% Sterling Senior Secured Notes, each at a redemption price equal to 103% of the applicable redeemed principal amount in accordance with the indentures

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governing each of the notes, (b) prepay in full the £375.0 million outstanding principal amount of term loan A under the VM Credit Facility (as defined and described below) and (c) prepay \$900.0 million (£610.8 million) of the then existing \$2,755.0 million (£1,869.8 million) outstanding principal amount of term loan B (**VM Facility B**) under the VM Credit Facility, and roll the remaining outstanding term loans under VM Facility B into a new term loan VM Facility F (as described below). In connection with these transactions, we recognized a loss on debt modification and extinguishment, net, of £29.4 million. This loss includes (I) the write-off of £19.5 million of deferred financing costs, (II) the payment of £6.6 million of redemption premiums, (III) the write-off of £2.8 million of unamortized discount and (IV) the payment of £0.5 million of third-party costs.

*2014 Refinancing Transactions.* During 2014, we completed a number of refinancing transactions that generally resulted in lower interest rates and extended maturities. In connection with these transactions, we recognized a gain on debt modification and extinguishment, net, of £20.1 million. This gain includes (i) the write-off of £103.9 million of unamortized premium, (ii) the payment of £74.4 million of redemption premium and (iii) the write-off of £9.4 million of deferred financing costs.

***VM Credit Facility***

The VM Credit Facility is the senior secured credit facility of certain subsidiaries of Virgin Media. The details of our borrowings under the VM Credit Facility as of December 31, 2015 are summarized in the following table:

<b>VM Facility</b>	<b>Maturity</b>	<b>Interest rate</b>	<b>Facility amount (in borrowing currency)</b>	<b>Unused borrowing capacity</b>	<b>Carrying value (a)</b>
<b>in millions</b>					
D .....	June 30, 2022	LIBOR + 3.25% (b) £	100.0	£ —	£ 99.8
E .....	June 30, 2023	LIBOR + 3.50% (b) £	849.4	—	847.6
F .....	June 30, 2023	LIBOR + 2.75% (b) \$	1,855.0	—	1,250.2
VM Revolving Facility (c) .....	December 31, 2021	LIBOR + 2.75%	(d)	527.5	147.5
Total .....				£ 527.5	£2,345.1

- (a) The carrying values of VM Facilities D, E and F include the impact of discounts.
- (b) VM Facilities D, E and F each have a LIBOR floor of 0.75%.
- (c) The VM Revolving Facility has a fee on unused commitments of 1.1% per year.
- (d) The VM Revolving Facility is a multi-currency revolving facility with maximum borrowing capacity equivalent to £675.0 million. The outstanding balance at December 31, 2015 was borrowed in euros.

*2015 Refinancing Transactions.* In June 2015, (i) the then outstanding \$1,855.0 million (£1,259.0 million) of commitments under the existing VM Facility B were effectively rolled into a new dollar denominated term loan (**VM Facility F**) and (ii) we amended the terms of our VM Revolving Facility to extend the maturity to December 31, 2021, reduce the margin from 3.25% to 2.75% and increase the commitments by £15.0 million.

***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.

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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.

***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, 2015 are presented below:

	<u>Third-party debt</u>	<u>Related-party debt</u>	<u>Capital lease obligations</u>	<u>Total</u>
	in millions			
Year ending December 31:				
2016 .....	£ 698.1	£ —	£ 51.9	£ 750.0
2017 .....	—	72.0	24.1	96.1
2018 .....	—	—	8.1	8.1
2019 .....	—	—	3.5	3.5
2020 .....	—	—	2.9	2.9
Thereafter .....	9,369.8	—	139.7	9,509.5
Total debt maturities .....	10,067.9	72.0	230.2	10,370.1
Unamortized premium, net of discount .....	11.4	—	—	11.4
Amounts representing interest .....	—	—	(122.0)	(122.0)
Total debt .....	<u>£ 10,079.3</u>	<u>£ 72.0</u>	<u>£ 108.2</u>	<u>£ 10,259.5</u>
Current portion (a) .....	<u>£ 699.0</u>	<u>£ —</u>	<u>£ 46.9</u>	<u>£ 745.9</u>
Noncurrent portion .....	<u>£ 9,380.3</u>	<u>£ 72.0</u>	<u>£ 61.3</u>	<u>£ 9,513.6</u>

(a) The outstanding principal amount of the VM Revolving Facility is included in our current debt maturities.

***Non-cash Refinancing Transactions***

During the year ended December 31, 2015, the year ended December 31, 2014, the period from June 8 to December 31, 2013 and the period from January 1 to June 7, 2013, certain of our refinancing transactions included non-cash borrowings and repayments of debt aggregating £1,205.3 million, £500.4 million, £750.0 million and nil, respectively.

**(10) Income Taxes**

Virgin Media files its primary income tax return in the U.S. Its subsidiaries file income tax returns in the U.S., the U.K. and Ireland. The income taxes of Virgin Media and its subsidiaries are presented on a separate return basis for each tax-paying entity or group.

The components of our earnings (loss) before income taxes are as follows (in millions):

	<u>Successor</u>			<u>Predecessor</u>
	<u>Year ended December 31, 2015</u>	<u>Year ended December 31, 2014 (a)</u>	<u>Period from June 8 to December 31, 2013 (a)</u>	<u>Period from January 1 to June 7, 2013</u>
U.S. ....	£ (14.0)	£ (218.8)	£ (56.6)	£ (68.8)
U.K. ....	89.5	129.7	(233.9)	186.8
Ireland .....	(16.2)	1.9	0.3	—
Total .....	<u>£ 59.3</u>	<u>£ (87.2)</u>	<u>£ (290.2)</u>	<u>£ 118.0</u>

(a) As retrospectively revised — see note 4.



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Income tax expense consists of:

	<u>Current</u>	<u>Deferred</u>	<u>Total</u>
	in millions		
Successor:			
Year ended December 31, 2015:			
U.S. (a) .....	£ (2.4)	£ 8.3	£ 5.9
U.K. ....	(0.5)	(206.4)	(206.9)
Ireland .....	(0.2)	—	(0.2)
Total .....	<u>£ (3.1)</u>	<u>£ (198.1)</u>	<u>£(201.2)</u>
Year ended December 31, 2014 (b):			
U.S. (a) .....	£ (2.5)	£ 34.2	£ 31.7
U.K. ....	—	(53.2)	(53.2)
Ireland .....	—	0.1	0.1
Total .....	<u>£ (2.5)</u>	<u>£ (18.9)</u>	<u>£ (21.4)</u>
Period from June 8 to December 31, 2013:			
U.S. (a) .....	£ (0.3)	£ (1.9)	£ (2.2)
U.K. ....	—	(195.3)	(195.3)
Total .....	<u>£ (0.3)</u>	<u>£ (197.2)</u>	<u>£(197.5)</u>
Predecessor:			
Period from January 1 to June 7, 2013:			
U.S. (a) .....	£ (0.9)	£ 12.8	£ 11.9
U.K. ....	—	(30.0)	(30.0)
Total .....	<u>£ (0.9)</u>	<u>£ (17.2)</u>	<u>£ (18.1)</u>

- (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 4.

Income tax 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 factors (in millions):

	<u>Successor</u>			<u>Predecessor</u>
	<u>Year ended December 31, 2015</u>	<u>Year ended December 31, 2014 (a)</u>	<u>Period from June 8 to December 31, 2013 (a)</u>	<u>Period from January 1 to June 7, 2013</u>
Computed “expected” tax benefit (expense) .....	£ (20.8)	£ 30.5	£ 101.6	£ (41.3)
Enacted tax law and rate changes (b) .....	(188.1)	0.2	(227.1)	—
Basis and other differences in the treatment of items				
associated with investments in subsidiaries .....	(30.7)	(88.4)	(38.6)	—
Change in valuation allowances .....	24.4	13.3	(28.8)	(29.8)
International rate differences (c) .....	11.8	40.3	(13.1)	22.0
Non-deductible or non-taxable foreign currency				
exchange results .....	—	(15.8)	—	—
Non-deductible or non-taxable interest and other				
expenses .....	—	(7.7)	8.9	31.9
Other, net .....	2.2	6.2	(0.4)	(0.9)
Total income tax expense .....	<u>£ (201.2)</u>	<u>£ (21.4)</u>	<u>£ (197.5)</u>	<u>£ (18.1)</u>

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- (a) As retrospectively revised – see note 4.
- (b) During 2015, it was announced that the U.K. corporate income tax rate will change from the current rate of 20.0% to 19.0% in April 2017 and 18.0% in April 2020. The impact of these rate changes on our deferred tax balances was recorded in the fourth quarter of 2015 when the relevant legislation was enacted. In April 2014, the U.K. corporate income tax rate decreased from 23.0% to 21.0%. Substantially all of the impact of the April 2014 rate change on our deferred tax balances was recorded in the third quarter of 2013 when the relevant legislation was enacted.
- (c) Amounts reflect statutory rates in the U.K. and Ireland, which are lower than the U.S. federal income tax rate.

The current and non-current components of our deferred tax assets are as follows:

	<b>Successor</b>	
	<b>December 31,</b>	
	<b>2015 (a)</b>	<b>2014</b>
	<b>in millions</b>	
Current deferred tax assets (b) . . . . .	£ —	£ 24.7
Non-current deferred tax assets . . . . .	1,430.7	1,506.2
Non-current deferred tax liabilities (b) . . . . .	(35.7)	(42.1)
Net deferred tax asset . . . . .	<u>£ 1,395.0</u>	<u>£ 1,488.8</u>

- (a) In accordance with ASU 2015-17, all of our deferred tax balances are reflected as noncurrent in our December 31, 2015 balance sheet. Our December 31, 2014 deferred tax balances have not been retroactively revised. For further information, see note 2.
- (b) Our current deferred tax assets as of December 31, 2014 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:

	<b>Successor</b>	
	<b>December 31,</b>	
	<b>2015</b>	<b>2014 (a)</b>
	<b>in millions</b>	
<b>Deferred tax assets:</b>		
Capital and net operating loss carryforwards . . . . .	£ 2,632.3	£ 2,980.7
Property and equipment, net . . . . .	1,610.5	1,706.8
Debt . . . . .	155.3	150.7
Other future deductible amounts . . . . .	66.0	50.9
Deferred tax assets . . . . .	4,464.1	4,889.1
Valuation allowance . . . . .	(2,607.4)	(2,846.6)
Deferred tax assets, net of valuation allowance . . . . .	<u>1,856.7</u>	<u>2,042.5</u>
<b>Deferred tax liabilities:</b>		
Intangible assets . . . . .	(367.5)	(466.1)
Property and equipment, net . . . . .	(49.9)	(60.6)
Other future taxable amounts . . . . .	(44.3)	(27.0)
Deferred tax liabilities . . . . .	<u>(461.7)</u>	<u>(553.7)</u>
Net deferred tax asset . . . . .	<u>£ 1,395.0</u>	<u>£ 1,488.8</u>

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(a) As retrospectively revised — see note 4.

Our deferred income tax valuation allowance decreased £239.2 million in 2015. This decrease reflects (i) the effect of enacted tax law and rate changes and (ii) other individually insignificant items.

At December 31, 2015 and 2014, we had property and equipment on which future U.K. tax deductions can be claimed of £14.2 billion and £13.9 billion, respectively. 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 the excess of these capital allowances over the related financial reporting bases are included in the 2015 and 2014 deferred tax assets related to property and equipment, net, in the above table.

At December 31, 2015, our unrecognized excess tax benefits aggregated £77.3 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 effects of these unrecognized excess tax benefits are not included in the above table.

The significant components of our capital and net operating loss carryforwards and related tax assets at December 31, 2015 are as follows:

<u>Country</u>	<u>Capital and net operating loss carryforwards</u>	<u>Related tax asset</u>	<u>Expiration date</u>
	<u>in millions</u>		
U.K.			
Amount attributable to capital losses . . . . .	£ 12,096.6	£ 2,177.4	Indefinite
Amount attributable to net operating losses (a) . . . . .	1,027.8	185.0	Indefinite
U.S. . . . .	844.9	222.5	2019-2033
Ireland . . . . .	379.1	47.4	Indefinite
Total . . . . .	<u>£ 14,348.4</u>	<u>£ 2,632.3</u>	

(a) This amount includes only the tax loss carryforwards generated by our U.K. subsidiaries. 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 years ended December 31, 2015 and 2014, tax losses with an aggregate tax effect of £105.5 million and £147.4 million, respectively, were surrendered by Liberty Global and its U.K. subsidiaries outside of Virgin Media to our U.K. subsidiaries. These surrendered tax assets, which are not reflected in the amount shown in this table as they were utilized by our U.K. subsidiaries during 2015 and 2014, are reflected as an increase to additional paid-in capital in our consolidated statement of owners’ equity.

The use of our tax loss carryforwards within each jurisdiction (both capital and ordinary losses) is 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. Most of the tax loss carryforwards shown in the above table are not expected to be realized.

We intend to indefinitely reinvest earnings from certain non-U.S. operations except to the extent the earnings are subject to current income taxes. At December 31, 2015, income and withholding taxes for which a net deferred tax liability might otherwise be required have not been provided on an estimated £5.7 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, including

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cumulative translation adjustments, determined for financial reporting purposes) on non-U.S. entities. The determination of the additional withholding tax that would arise upon a reversal of temporary differences is impractical to estimate as it is subject to offset by available foreign tax credits and subject to certain limitations.

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 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., the U.K. and Ireland. 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 2012 are no longer subject to examination by tax authorities.

The changes in our unrecognized tax benefits are summarized below (in millions):

	Successor			Predecessor
	Year ended December 31, 2015	Year ended December 31, 2014	Period from June 8 to December 31, 2013	Period from January 1 to June 7, 2013
Balance at beginning of period . . . . .	£ 8.2	£ 7.7	£ 8.3	£ 7.9
Reductions for tax positions of prior years . . . . .	—	—	(0.6)	—
Additions based on tax positions related to the current year . . . . .	5.1	—	—	0.4
Foreign currency translation . . . . .	0.5	0.5	—	—
Balance at end of period . . . . .	<u>£ 13.8</u>	<u>£ 8.2</u>	<u>£ 7.7</u>	<u>£ 8.3</u>

No assurance can be given that any of these tax benefits will be recognized or realized.

As of December 31, 2015, our unrecognized tax benefits included £3.2 million of 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.

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We do not expect that any changes in our unrecognized tax benefits during 2016 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 2016.

**(11) Owners' 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 Old Liberty Global Shares and 0.6438 Class C Old Liberty Global Shares. 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 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.

In addition, during the fourth quarter of 2013, we received cash consideration of £987.4 million from LG Europe 2 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.

During the period from January 1 to June 7, 2013, 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>
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

**(12) Share-based Compensation**

Our share-based compensation expense after the LG/VM Transaction represents amounts allocated to our company by Liberty Global and related employer taxes. 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 parent's equity and is offset by any amounts recharged to us by Liberty Global, as further described in note 13. Prior to the LG/VM Transaction, share-based compensation expense 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.

The following table summarizes our share-based compensation expense, which is included in SG&A expense in our consolidated statements of operations (in millions):

	<u>Successor</u>			<u>Predecessor</u>
	<u>Year ended December 31, 2015</u>	<u>Year ended December 31, 2014</u>	<u>Period from June 8 to December 31, 2013</u>	<u>Period from January 1, to June 7, 2013</u>
Performance-based incentive awards (a) .....	£ 10.1	£ 7.0	£ 3.0	£ 10.0
Other share-based incentive awards .....	25.4	26.8	82.5	12.1
Total (b)(c) .....	<u>£ 35.5</u>	<u>£ 33.8</u>	<u>£ 85.5</u>	<u>£ 22.1</u>



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- (a) Includes share-based compensation expense related to (i) Liberty Global performance-based restricted share units (**PSUs**) and (ii) a challenge performance award plan for certain executive officers and key employees of Liberty Global, including certain employees of our subsidiaries (the **Challenge Performance Awards**). The Challenge Performance Awards include performance-based share appreciation rights (**PSARs**) and PSUs.
- (b) In connection with the LiLAC Transaction, the compensation committee of Liberty Global's board of directors approved modifications to Liberty Global's outstanding share-based incentive awards (the **Award Modifications**) in accordance with the underlying share-based incentive plans. The objective of the compensation committee was to ensure a relatively unchanged intrinsic value of outstanding equity awards before and after the bonus issuance of the LiLAC Shares. The mechanism to modify outstanding share-based incentive awards, as approved by the compensation committee, utilized the volume-weighted average price of the respective shares for the five days prior to and the five days following the bonus issuance (**Modification VWAPs**). In order to determine if any incremental stock-based compensation expense should be recorded as a result of the Award Modifications, we are required to measure the changes in the fair values of the then outstanding share-based incentive awards using market prices immediately before and immediately after the Award Modifications. Due to declines in the share prices of Liberty Global's Class A and Class C Liberty Global Shares following the bonus issuance, the exercise prices of options, SARs and PSARs determined using the Modification VWAPs were lower than the exercise prices that would have resulted if the market prices immediately before and after the Award Modifications had been used. Accordingly, the Black-Scholes fair values of Liberty Global options, SARs and PSARs held by employees of our subsidiaries increased as a result of the Award Modifications, resulting in incremental stock-based compensation expense of £9.1 million. This amount includes £5.6 million of expense recognized during 2015 related to awards that vested on or prior to December 31, 2015 and £3.5 million of expense that will be recognized in future periods through 2019 as the related awards vest.
- (c) 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 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 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 December 31, 2015:

	<b>Liberty Global Shares and LiLAC Shares (a)</b>	<b>Liberty Global performance- based awards (b)</b>
Total compensation expense not yet recognized (in millions) . . . . .	£ 26.5	£ 5.0
Weighted average period remaining for expense recognition (in years) . . . . .	2.7	1.1

- (a) Amounts relate to awards granted or assumed by Liberty Global under (i) the Liberty Global 2014 Incentive Plan (as amended and restated effective February 24, 2015) and certain other incentive plans of Liberty Global, (ii) the Virgin Media Inc. 2010 Stock Incentive Plan (as amended and restated effective June 7, 2013) (the **VM Incentive Plan**), and (iii) certain other incentive plans of our company. All new awards are granted under the Liberty Global 2014 Incentive Plan. The Liberty Global 2014 Incentive Plan, the Liberty

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Global, Inc. 2005 Incentive Plan (as amended and restated effective June 7, 2013) (**Liberty Global 2005 Incentive Plan**) and the VM Incentive Plan are described below.

(b) Amounts relate to (i) the Challenge Performance Awards and (ii) PSUs.

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 periods:

	Successor		Predecessor	
	Year ended December 31, 2015	Year ended December 31, 2014	Period from June 8 to December 31, 2013	Period from January 1, to June 7, 2013
Assumptions used to estimate fair value of options, SARs and PSARs granted:				
Risk-free interest rate	0.96 - 1.40%	0.81 - 1.31%	0.78% - 1.19%	0.40% - 1.42%
Expected life (a)	3.0 - 4.3 years	3.1 - 3.9 years	0.4 - 4.6 years	3.0 - 7.3 years
Expected volatility (a)	23.1 - 26.0%	25.5 - 26.5%	23.6% - 32.6%	31.1% - 50.9%
Expected dividend yield	none	none	none	0.41% - 0.50%
Weighted average grant-date fair value per share of awards granted:				
Options	\$ 14.81	\$ —	\$ 22.82	\$ 29.13
SARs	\$ 9.57	\$ 8.04	\$ 7.79	\$ —
PSARs	\$ —	\$ 8.15	\$ 8.34	\$ —
Restricted share units (RSUs)	\$ 51.91	\$ 39.84	\$ 36.91	\$ 39.39
PSUs	\$ 51.44	\$ 40.13	\$ 34.04	\$ 39.66
Total intrinsic value of awards exercised (in millions):				
Options	£ 58.7	£ 63.3	£ 97.1	£ 57.0
SARs	£ 1.7	£ 0.4	£ —	£ —
PSARs	£ —	£ 0.1	£ —	£ —
Cash received by Liberty Global (Successor periods) and Old Virgin Media (Predecessor period) from exercise of options (in millions)	£ 26.5	£ 26.4	£ 47.8	£ 26.7
Income tax benefit related to share-based compensation (in millions)	£ 6.4	£ 6.7	£ 13.8	£ 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 Incentive Plans — Liberty Global Ordinary Shares**

*Incentive Plans*

As of December 31, 2015, Liberty Global was authorized to grant incentive awards under 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

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combination of the foregoing (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. The maximum number of Liberty Global ordinary shares with respect to which awards may be issued under the Liberty Global 2014 Incentive Plan is 105 million (of which no more than 50.25 million shares may consist of Class B ordinary shares), subject to anti-dilution and other adjustment provisions in the respective plan. As of December 31, 2015, the Liberty Global 2014 Incentive Plan had 84,782,474 ordinary shares available for grant.

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 10-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 vest on the third anniversary of the grant date.

Awards (other than performance-based awards) issued under the (i) Liberty Global 2014 Incentive Plan, (ii) Liberty Global 2005 Incentive Plan and (iii) VM Incentive Plan after June 7, 2013 generally (a) 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 (b) expire seven years after the grant date. RSUs vest on the date of the first annual general meeting of Liberty Global shareholders following the grant date. These awards may be granted at or above fair value in any class of ordinary shares. No further awards will be granted under the Liberty Global 2005 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.

*Liberty Global PSUs.* PSUs are granted to executive officers and key employees annually based on a target annual equity value for each executive and 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 currently-outstanding PSU represents the right to receive one Liberty Global or LiLAC 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 periods, 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 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 Liberty Global or LiLAC Class A or Class C ordinary share, as applicable, subject to performance and vesting. The performance criteria for the Challenge Performance Awards is based on the participant's performance and achievement of individual goals in each of the years 2013, 2014 and 2015. Subject 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 periods, Liberty Global granted PSARs to certain of our executive officers.

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*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.

**Share-based Award Activity — Awards Issued by Liberty Global**

The following tables summarize the share-based award activity during 2015 with respect to Liberty Global Shares and Old Liberty Global Shares held by employees of our subsidiaries:

	Number of shares	Weighted average exercise price	Weighted average remaining contractual term in years	Aggregate intrinsic value in millions
<b>Options — Class A ordinary shares</b>				
Outstanding at January 1, 2015 .....	1,197,699	\$ 16.02		
Forfeited .....	(7,295)	\$ 25.76		
Exercised .....	(758,310)	\$ 12.61		
Transfers .....	(15,988)	\$ 19.11		
Outstanding at June 30, 2015 .....	416,106	\$ 21.95		
Impact of Award Modifications .....	36,742	(2.02)		
Outstanding at July 1, 2015 .....	452,848	\$ 19.93		
Forfeited .....	(7,718)	\$ 22.61		
Exercised .....	(33,081)	\$ 15.19		
Transfers .....	(8,528)	\$ 20.43		
Outstanding at December 31, 2015 (a) .....	403,521	\$ 20.26	6.2	\$ 8.9
Exercisable at December 31, 2015 .....	114,259	\$ 15.12	4.7	\$ 3.1
	Number of shares	Weighted average exercise price	Weighted average remaining contractual term in years	Aggregate intrinsic value in millions
<b>Options — Class C ordinary shares</b>				
Outstanding at January 1, 2015 .....	2,490,859	\$ 15.70		
Granted .....	498,777	\$ 41.12		
Forfeited .....	(18,196)	\$ 31.92		
Exercised .....	(1,194,810)	\$ 12.99		
Transfers .....	(39,838)	\$ 17.78		
Outstanding at June 30, 2015 .....	1,736,792	\$ 24.73		
Impact of Award Modifications .....	145,618	(2.28)		
Outstanding at July 1, 2015 .....	1,882,410	\$ 22.45		
Forfeited .....	(41,208)	\$ 29.99		
Exercised .....	(344,673)	\$ 8.33		
Transfers .....	(22,485)	\$ 18.91		
Outstanding at December 31, 2015 (a) .....	1,474,044	\$ 25.59	7.3	\$ 22.4
Exercisable at December 31, 2015 .....	241,735	\$ 13.79	4.7	\$ 6.5

(a) The pound sterling equivalent amounts for the aggregate intrinsic value for outstanding options related to Class A and Class C Liberty Global Shares are £6.0 million and £15.2 million, respectively.

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	Number of shares	Weighted average base price	Weighted average remaining contractual term in years	Aggregate intrinsic value in millions
<b>SARs — Class A ordinary shares</b>				
Outstanding at January 1, 2015 (a) . . . . .	531,637	\$ 36.55		
Granted . . . . .	438,778	\$ 53.11		
Forfeited . . . . .	(2,112)	\$ 40.91		
Exercised . . . . .	(26,193)	\$ 30.70		
Transfers . . . . .	(49,872)	\$ 34.72		
Outstanding at June 30, 2015 . . . . .	892,238	\$ 44.96		
Impact of Award Modifications . . . . .	74,152	(3.99)		
Outstanding at July 1, 2015 . . . . .	966,390	\$ 40.97		
Granted . . . . .	11,548	\$ 52.46		
Forfeited . . . . .	(6,586)	\$ 43.83		
Exercised . . . . .	(7,812)	\$ 31.08		
Transfers . . . . .	(80,630)	\$ 31.70		
Outstanding at December 31, 2015 (b) . .	882,910	\$ 42.03	5.6	\$ 3.1
Exercisable at December 31, 2015 . . . . .	233,179	\$ 36.19	4.8	\$ 1.8
	Number of shares	Weighted average base price	Weighted average remaining contractual term in years	Aggregate intrinsic value in millions
<b>SARs — Class C ordinary shares</b>				
Outstanding at January 1, 2015 (a) . . . . .	1,237,036	\$ 33.79		
Granted . . . . .	877,556	\$ 51.41		
Forfeited . . . . .	(4,224)	\$ 39.09		
Exercised . . . . .	(65,649)	\$ 27.68		
Transfers . . . . .	(129,280)	\$ 32.29		
Outstanding at June 30, 2015 . . . . .	1,915,439	\$ 42.16		
Impact of Award Modifications . . . . .	161,874	(3.59)		
Outstanding at July 1, 2015 . . . . .	2,077,313	\$ 38.57		
Granted . . . . .	23,096	\$ 49.14		
Forfeited . . . . .	(13,674)	\$ 41.97		
Exercised . . . . .	(19,559)	\$ 28.40		
Transfers . . . . .	(198,648)	\$ 28.43		
Outstanding at December 31, 2015 (b) . .	1,868,528	\$ 39.86	5.4	\$ 7.5
Exercisable at December 31, 2015 . . . . .	534,079	\$ 33.50	4.5	\$ 4.6

(a) As retrospectively revised — see note 4.

(b) The pound sterling equivalent amounts for the aggregate intrinsic value for outstanding SARs related to Class A and Class C Liberty Global Shares are £2.1 million and £5.1 million, respectively.



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	Number of shares	Weighted average base price	Weighted average remaining contractual term in years	Aggregate intrinsic value in millions
<b>PSARs — Class A ordinary shares</b>				
Outstanding at January 1, 2015 (a) . . . . .	274,583	\$ 35.56		
Transfers . . . . .	(38,750)	\$ 35.03		
Outstanding at June 30, 2015 . . . . .	235,833	\$ 35.65		
Impact of Award Modifications . . . . .	15,122	(3.22)		
Outstanding at July 1, 2015 . . . . .	250,955	\$ 32.43		
Transfers . . . . .	(21,501)	\$ 31.87		
Outstanding at December 31, 2015 (b) . . . .	229,454	\$ 32.48	4.4	\$ 2.3
Exercisable at December 31, 2015 . . . . .	3,665	\$ 31.87	0.8	\$ —
	Number of shares	Weighted average base price	Weighted average remaining contractual term in years	Aggregate intrinsic value in millions
<b>PSARs — Class C ordinary shares</b>				
Outstanding at January 1, 2015 (a) . . . . .	823,749	\$ 33.99		
Transfers . . . . .	(116,250)	\$ 33.41		
Outstanding at June 30, 2015 . . . . .	707,499	\$ 34.08		
Impact of Award Modifications . . . . .	42,493	(2.98)		
Outstanding at July 1, 2015 . . . . .	749,992	\$ 31.10		
Transfers . . . . .	(64,289)	\$ 30.98		
Outstanding at December 31, 2015 (b) . . . .	685,703	\$ 31.12	4.4	\$ 6.6
Exercisable at December 31, 2015 . . . . .	10,973	\$ 30.46	0.8	\$ 0.1

(a) As retrospectively revised — see note 4.

(b) The pound sterling equivalent amounts for the aggregate intrinsic value for outstanding PSARs related to Class A and Class C Liberty Global Shares are £1.6 million and £4.5 million, respectively.

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	<u>Number of shares</u>	<u>Weighted average grant-date fair value per share</u>	<u>Weighted average remaining contractual term in years</u>
<b>RSUs — Class A ordinary shares</b>			
Outstanding at January 1, 2015 (a) .....	264,930	\$ 39.50	
Granted .....	76,718	\$ 53.11	
Forfeited .....	(3,493)	\$ 40.23	
Released from restrictions .....	(113,863)	\$ 39.86	
Transfers .....	(16,305)	\$ 38.87	
Outstanding at June 30, 2015 .....	207,987	\$ 44.36	
Impact of Award Modifications .....	10,350	(2.10)	
Outstanding at July 1, 2015 .....	218,337	\$ 42.26	
Granted .....	2,697	\$ 52.46	
Forfeited .....	(2,318)	\$ 42.22	
Released from restrictions .....	(23,377)	\$ 42.83	
Transfers .....	(6,323)	\$ 43.02	
Outstanding at December 31, 2015 .....	<u>189,016</u>	<u>\$ 42.31</u>	<u>4.5</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>
<b>RSUs — Class C ordinary shares</b>			
Outstanding at January 1, 2015 (a) .....	641,714	\$ 36.48	
Granted .....	153,436	\$ 51.41	
Forfeited .....	(7,487)	\$ 38.06	
Released from restrictions .....	(315,487)	\$ 36.05	
Transfers .....	(40,227)	\$ 37.46	
Outstanding at June 30, 2015 .....	431,949	\$ 41.98	
Impact of Award Modifications .....	21,461	(2.02)	
Outstanding at July 1, 2015 .....	453,410	\$ 39.96	
Granted .....	5,394	\$ 49.14	
Forfeited .....	(5,190)	\$ 39.51	
Released from restrictions .....	(61,771)	\$ 39.20	
Transfers .....	(17,100)	\$ 38.43	
Outstanding at December 31, 2015 .....	<u>374,743</u>	<u>\$ 40.29</u>	<u>4.5</u>

(a) As retrospectively revised — see note 4.

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	<u>Number of shares</u>	<u>Weighted average grant-date fair value per share</u>	<u>Weighted average remaining contractual term in years</u>
<b>PSUs — Class A ordinary shares</b>			
Outstanding at January 1, 2015 (a) .....	160,354	\$ 37.90	
Granted .....	40,182	\$ 53.11	
Performance adjustment (b) .....	9,128	\$ 36.38	
Released from restrictions .....	(38,005)	\$ 36.34	
Transfers .....	(20,520)	\$ 37.65	
Outstanding at June 30, 2015 .....	151,139	\$ 42.27	
Impact of Award Modifications .....	1,185	(2.06)	
Outstanding at July 1, 2015 .....	152,324	\$ 40.21	
Granted .....	13,264	\$ 52.46	
Released from restrictions .....	(35,530)	\$ 34.70	
Transfers .....	(12,798)	\$ 39.75	
Outstanding at December 31, 2015 .....	<u>117,260</u>	<u>\$ 43.32</u>	<u>1.1</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>
<b>PSUs — Class C ordinary shares</b>			
Outstanding at January 1, 2015 (a) .....	403,562	\$ 35.38	
Granted .....	80,364	\$ 51.41	
Performance adjustment (b) .....	24,349	\$ 34.07	
Released from restrictions .....	(101,404)	\$ 34.07	
Transfers .....	(53,222)	\$ 35.04	
Outstanding at June 30, 2015 .....	353,649	\$ 39.42	
Impact of Award Modifications .....	3,124	(1.88)	
Outstanding at July 1, 2015 .....	356,773	\$ 37.54	
Granted .....	26,528	\$ 49.14	
Released from restrictions .....	(95,235)	\$ 32.50	
Transfers .....	(29,534)	\$ 37.60	
Outstanding at December 31, 2015 .....	<u>258,532</u>	<u>\$ 40.59</u>	<u>1.0</u>

(a) As retrospectively revised — see note 4.

(b) Represents the increase in PSUs associated with the first quarter 2015 determination that 113.6% of the PSUs that were granted in 2013 (the **2013 PSUs**) had been earned. As of December 31, 2015, all of the earned 2013 PSUs have been released from restrictions.

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**(13) Related-party Transactions**

Our related-party transactions during the Successor periods consist of the following:

	<b>Successor</b>		
	<b>Year ended December 31, 2015</b>	<b>Year ended December 31, 2014 (a)</b>	<b>Period from June 8 to December 31, 2013 (a)</b>
	<b>in millions</b>		
Credits (charges) included in:			
Operating expenses	£ 4.2	£ 1.4	£ (2.9)
SG&A expenses	(8.0)	(4.7)	(1.3)
Allocated share-based compensation expense	(24.7)	(28.8)	(69.5)
Fees and allocations, net:			
Operating and SG&A related (exclusive of depreciation and share-based compensation)	(24.4)	(16.9)	(7.7)
Depreciation	(11.8)	(8.8)	(4.9)
Share-based compensation	(22.2)	(2.8)	(1.0)
Management fee	(29.2)	(8.1)	(7.5)
Total fees and allocations, net	(87.6)	(36.6)	(21.1)
Included in operating income (loss)	(116.1)	(68.7)	(94.8)
Interest income	246.5	229.7	107.0
Realized gain (loss) on derivative instruments, net	(6.7)	(1.9)	0.3
Interest expense	(5.7)	(52.0)	(38.3)
Included in net loss	£ 118.0	£ 107.1	£ (25.8)

(a) As retrospectively revised — see note 4.

*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 cash settled unless otherwise noted below.

During the first quarter of 2015, Liberty Global transferred certain entities that incur central and other administrative costs (the **Corporate Entities Transfer**) from one subsidiary to certain other Liberty Global subsidiaries that are outside of Liberty Global's borrowing groups. In connection with the Corporate Entities Transfer, Liberty Global changed the processes it uses to charge fees and allocate costs and expenses from one subsidiary to another. This new methodology, which 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, impacts the calculation of the "EBITDA" metric specified by our debt agreements (**Covenant EBITDA**). In this regard, the components of related-party fees and allocations that are deducted to arrive at our Covenant EBITDA are based on (i) the amount and nature of costs incurred by the allocating Liberty Global subsidiaries during the period, (ii) the allocation methodologies in effect during the period and (iii) 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 amount of related-party fees and allocations that will be deducted to arrive at our Covenant EBITDA in future periods. For example, to the extent that a Liberty Global subsidiary borrowing group was 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 our company would decrease (increase).

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*Operating expenses.* Amounts consist of the net effect of (i) recharges of £7.6 million, £6.7 million and nil during the year ended December 31, 2015, the year ended December 31, 2014 and the period from June 8 to December 31, 2013, respectively, for network design and other services provided by our company to other Liberty Global subsidiaries and (ii) charges of £3.4 million, £5.3 million and £2.9 million during the year ended December 31, 2015, the year ended December 31, 2014 and the period from June 8 to December 31, 2013, respectively, for network-related and other services provided to our company by another Liberty Global subsidiary.

*SG&A expenses.* Amounts primarily consist of the net effect of (i) charges of £5.3 million, £3.9 million and nil during the year ended December 31, 2015, the year ended December 31, 2014 and the period from June 8 to December 31, 2013, respectively, for insurance-related services provided to our company by another Liberty Global subsidiary, (ii) charges of £4.2 million, £3.9 million and £0.3 million during the year ended December 31, 2015, the year ended December 31, 2014 and the period from June 8 to December 31, 2013, respectively, for information technology-related services provided to our company by another Liberty Global subsidiary, and (iii) recharges of £2.1 million, £3.4 million and nil during the year ended December 31, 2015, the year ended December 31, 2014 and the period from June 8 to December 31, 2013, respectively, for network design and other services provided by our company to other Liberty Global subsidiaries.

*Allocated share-based compensation expense.* As further described in note 12, 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 services that support our company's operations. The categories of our fees and allocations, net, are as follows:

- *Operating and SG&A related (exclusive of depreciation and share-based compensation).* The amounts included in this category, which are generally cash settled, represent our estimated share of certain centralized technology, management, marketing, finance and other operating and SG&A expenses of Liberty Global's European operations, whose activities benefit multiple operations, including operations within and outside of our company. The amounts allocated represent our estimated share of the actual costs incurred by Liberty Global's European operations, without a mark-up. Amounts in this category are generally deducted to arrive at our Covenant EBITDA.
- *Depreciation.* The amounts included in this category, which are generally loan settled, represent our estimated share of depreciation of assets not owned by our company. The amounts allocated represent our estimated share of the actual costs incurred by Liberty Global's European operations, without a mark-up.
- *Share-based compensation.* The amounts included in this category, which are generally loan settled, represent our estimated share of share-based compensation associated with Liberty Global employees who are not employees of our company. The amounts allocated represent our estimated share of the actual costs incurred by Liberty Global's European operations, without a mark-up.
- *Management fee.* The amounts included in this category, which are generally loan settled, represent our estimated allocable share of (i) operating and SG&A expenses related to stewardship services provided by certain Liberty Global subsidiaries and (ii) the mark-up, if any, applicable to each category of the related-party fees and allocations charged to our company.

During the first three quarters of 2014, a subsidiary of Liberty Global allocated technology-based costs to our company and other Liberty Global subsidiaries based on each subsidiaries' estimated proportionate share of these costs. During the fourth quarter of 2014, the approach used to charge technology-based fees was changed to a royalty-based method. For the year ended December 31, 2015 and the year ended December 31, 2014, our



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£20.0 million and £17.0 million, respectively, proportional share of the technology-based costs was £6.3 million and £13.6 million, respectively, more than the royalty-based technology fee charged under the new approach. Accordingly, the £6.3 million and £13.6 million, respectively, excess has been reflected as a deemed contribution of technology-related services in our consolidated statements of owners' equity. The charges under the new royalty-based fee are expected to escalate in future periods. Any excess of these charges over our estimated proportionate share of the underlying technology-based costs will be classified as a management fee and added back to arrive at Covenant EBITDA.

*Interest income.* Amounts represent interest income on related-party notes, as further described below.

*Realized gain (loss) on derivative instruments, net.* As further described in note 6, these amounts relate to related-party foreign currency forward contracts with LGE Financing.

*Interest expense.* Amount during 2015 relates to interest expense associated with the note payable to LG Europe 2 and the VM Ireland Note. Amounts during 2014 and 2013 relate to interest expense associated with the VM Ireland Note. In addition, £5.8 million of this interest expense during 2013 is due to a related-party note to LGI that we entered into in connection with the LG/VM Transaction. During the Successor period from June 8 to December 31, 2013, repayments were made on the note aggregating £832.2 million and as of December 31, 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:

	<b>Successor</b>	
	<b>December 31,</b>	
	<b>2015</b>	<b>2014 (a)</b>
	<b>in millions</b>	
Current note receivable (b) .....	£ —	£ 688.0
Current receivables (c) .....	45.4	57.3
Derivative instruments (d) .....	0.6	—
Prepaid expenses (e) .....	0.9	1.3
Long-term notes receivable (f) .....	3,385.1	2,322.3
<b>Total</b> .....	<b>£ 3,432.0</b>	<b>£ 3,068.9</b>
Accounts payable (g) .....	£ 8.6	£ 7.9
Current portion of capital lease obligations .....	—	0.3
Other current liabilities (h) .....	26.1	28.8
Related-party debt (i) .....	72.0	439.0
Other long-term liabilities (j) .....	—	50.1
<b>Total</b> .....	<b>£ 106.7</b>	<b>£ 526.1</b>

(a) As retrospectively revised — see note 4.

(b) Amount at December 31, 2014 represents a note receivable from LG Europe 2, that was owed to our subsidiary, Virgin Media Finco Limited. This note originated during 2014 and bore interest at a rate of 5.855% as of December 31, 2014. During the fourth quarter of 2015, the amount outstanding on this note was transferred to a long-term note receivable. The net decrease during 2015 includes (i) an increase resulting from £3,136.9 million of cash advanced, (ii) a decrease related to £2,565.6 million of cash repaid, (iii) a decrease of £1,197.4 million related to the transfer of the outstanding balance to a long-term note receivable and (iv) a £61.9 million non-cash decrease related to the settlement of related-party fees and allocations.

(c) Amounts represent (i) accrued interest on notes receivable from LG Europe 2, including £38.7 million (equivalent) and £42.2 million (equivalent), respectively, owed to Virgin Media Finco Limited, (ii) employee withholding taxes collected by Liberty Global on our behalf of £0.5 million (equivalent) and £8.5 million (equivalent), respectively, and (iii) certain receivables from other Liberty Global subsidiaries

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arising in the normal course of business. The accrued interest on the long-term notes receivable from LG Europe 2 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.

- (d) Amount represents the fair value of related-party derivative instruments with LGE Financing, as further described in note 6.
- (e) Represents prepayments for services to be rendered by another Liberty Global subsidiary.
- (f) Amounts represent:
  - (i) notes receivable from LG Europe 2 that are owed to Virgin Media Finco Limited (the **2023 8.5% LG Europe 2 Notes Receivable**). These notes mature on April 15, 2023 and bear interest at a rate of 8.5%. At December 31, 2015 and 2014, the principal amount outstanding under these notes was £2,174.6 million and £2,297.3 million, respectively. As further described in note 4, the decrease during 2015 relates to the £122.7 million cash repayment from LG Europe 2. During the fourth quarter of 2013, the portion of these notes that was denominated in U.S. dollars (£947.3 million) was redenominated 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 LG Europe 2 and reflected as an increase to the loan balance. LG 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 LG Europe 2 that is owed to Virgin Media Finco Limited. During the fourth quarter of 2015, the amount outstanding on a current note receivable was transferred to this long-term note receivable. At December 31, 2015 the principal amount outstanding under this note was £1,197.4 million. Pursuant to the loan agreement, the maturity date is July 16, 2023, however Virgin Media Finco Limited may agree to advance additional amounts to LG Europe 2 at any time and LG Europe 2 may, with agreement from Virgin Media Finco Limited, repay all or part of the outstanding principal at any time prior to the maturity date. The note receivable is subject to further borrowings and repayments. The interest rate on this loan, which is subject to adjustment, was 5.659% as of December 31, 2015.
  - (iii) a note receivable from LG Europe 2 that was owed to us until all outstanding principal and interest balances were converted to equity during the fourth quarter of 2015. At December 31, 2014, this note had a principal balance of \$19.9 million (£13.5 million) and bore interest at a rate of 7.875%. The net decrease during 2015 relates to (i) a £465.8 million decrease resulting from the aforementioned conversion of the then remaining principal balance to equity, (ii) £448.1 million of cash borrowings, (iii) £5.2 million (equivalent at the transaction date) in capitalized interest, (iv) £2.3 million of cash repayments and (v) an increase of £2.0 million due to the cumulative transaction adjustment. The net decrease during 2014 relates to (a) cash borrowing of £97.0 million (equivalent at the transaction date), (b) cash repayments of £165.0 million, (c) £8.3 million (equivalent at the transaction date) in capitalized accrued interest and (d) an increase of £7.7 million due to the cumulative translation adjustment; and
  - (iv) a note receivable from Liberty Global that is owed to us. At December 31, 2015 and 2014, this note, which matures on June 4, 2018, had a principal balance of \$19.3 million (£13.1 million) and \$18.8 million (£12.8 million), respectively. This note bears interest at a rate of 1.76%. The increase during 2015 relates to an increase of (i) £0.7 million due to the cumulative translation adjustment and (ii) £0.2 million (equivalent at the transaction date) in capitalized accrued interest. The increase during 2014 relates to an increase of (a) £0.7 million due to the cumulative translation adjustment and

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(b) £0.2 million (equivalent at the transaction date) in capitalized 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. The accrued interest on this note receivable is payable semi-annually on January 15 and July 15 and may be cash settled or, if mutually agreed, loan settled, and is included in other long-term assets, net in our consolidated balance sheets.

- (g) Amounts represent certain payables to other Liberty Global subsidiaries arising in the normal course of business.
- (h) Amounts represent (i) £6.9 million (equivalent) and £13.7 million (equivalent), respectively, of unpaid capital charges from Liberty Global, as described below, and (ii) certain payables to other Liberty Global subsidiaries arising in the normal course of business, including amounts associated with fees and allocations as described above. The payables related to the capital charges are settled periodically. None of these payables are currently interest bearing.
- (i) For information regarding our related-party debt, see note 9.
- (j) The December 31, 2014 amount represents accrued interest on the VM Ireland Note.

During the year ended December 31, 2014, we entered into notes receivable from (i) LGE Holdco V BV, a subsidiary of Liberty Global, and (ii) Liberty Global Incorporated Limited, a subsidiary of Liberty Global, the balances of which were converted to equity during the fourth quarter of 2014. The activity of the note receivable from LGE Holdco V BV included cash borrowings of £270.6 million (equivalent at the transaction date) and various non-cash decreases of £4.1 million. During the fourth quarter of 2014, the outstanding balance of £266.5 million was converted to equity. The activity of the note receivable from Liberty Global Incorporated Limited included cash borrowings of £115.0 million (equivalent at the transaction date) and various non-cash increases of £8.1 million. During the fourth quarter of 2014, the outstanding balance of £123.1 million was converted to equity.

During the year ended December 31, 2015, the year ended December 31, 2014 and the period from June 8 to December 31, 2013, we recorded capital charges of \$37.2 million (£24.6 million at the applicable rate), \$47.8 million (£28.8 million at the applicable rate) and \$109.4 million (£69.5 million at the applicable rate), respectively, in our consolidated statements of owners' equity in connection with the exercise of Liberty Global SARs and options and the vesting of Liberty Global restricted share awards and PSUs held by employees of our subsidiaries. We and Liberty Global have agreed that these capital charges will be based on the fair value of the underlying Liberty Global shares associated with share-based incentive awards that vest or are exercised during the period, subject to any reduction that is necessary to ensure that the cumulative capital charge does not exceed the cumulative amount of share-based compensation expense recorded by our company with respect to Liberty Global share-based incentive awards.

During 2015 and 2014, tax losses with an aggregate tax effect of £105.5 million and £147.4 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 10.

Our parent company, Virgin Media, and certain Liberty Global subsidiaries are co-guarantors of the indebtedness of certain other Liberty Global subsidiaries. We do not believe these guarantees will result in material payments in the future.

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**(14) Restructuring Liabilities**

A summary of changes in our restructuring liabilities during 2015 is set forth in the table below:

	<u>Employee severance and termination</u>	<u>Office closures</u> in millions	<u>Total</u>
Successor:			
Restructuring liability as of January 1, 2015 .....	£ 1.2	£ 8.0	£ 9.2
Restructuring charges (credits) (a) .....	13.9	(0.9)	13.0
Cash paid .....	(12.3)	(3.0)	(15.3)
Other .....	0.1	1.0	1.1
Restructuring liability as of December 31, 2015 .....	<u>£ 2.9</u>	<u>£ 5.1</u>	<u>£ 8.0</u>
Current portion .....	£ 2.9	£ 1.2	£ 4.1
Noncurrent portion .....	—	3.9	3.9
Total .....	<u>£ 2.9</u>	<u>£ 5.1</u>	<u>£ 8.0</u>

- (a) Our restructuring charges include employee severance and termination costs related to certain reorganization and integration activities.

We expect to record further restructuring charges during 2016 in connection with continued efforts to optimize our operating model.

A summary of changes in our restructuring liabilities during 2014 is set forth in the table below:

	<u>Employee severance and termination</u>	<u>Office closures</u> in millions	<u>Contract termination and other</u>	<u>Total</u>
Successor (a):				
Restructuring liability as of January 1, 2014 .....	£ 5.4	£ 8.9	£ 0.2	£ 14.5
Restructuring charges (b) .....	10.5	5.7	—	16.2
Cash paid .....	(14.3)	(6.5)	—	(20.8)
Other .....	(0.4)	(0.1)	(0.2)	(0.7)
Restructuring liability as of December 31, 2014 ....	<u>£ 1.2</u>	<u>£ 8.0</u>	<u>£ —</u>	<u>£ 9.2</u>
Current portion .....	£ 1.2	£ 2.9	£ —	£ 4.1
Noncurrent portion .....	—	5.1	—	5.1
Total .....	<u>£ 1.2</u>	<u>£ 8.0</u>	<u>£ —</u>	<u>£ 9.2</u>

- (a) As retrospectively revised — see note 4.

- (b) Our restructuring charges relate to certain organizational and staffing changes that we implemented during the Successor period, primarily in connection with our ongoing integration with Liberty Global.

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A summary of changes in our restructuring liabilities during 2013 is set forth in the table below:

	<u>Employee severance and termination</u>	<u>Office closures</u>	<u>Contract termination and other</u>	<u>Total</u>
	in millions			
Predecessor:				
Restructuring liability as of January 1, 2013 . . . .	£ —	£ 16.3	£ —	£ 16.3
Restructuring charges . . . . .	—	0.5	—	0.5
Cash paid . . . . .	<u>—</u>	<u>(1.8)</u>	<u>—</u>	<u>(1.8)</u>
Restructuring liability as of June 7, 2013 . . . . .	<u>£ —</u>	<u>£ 15.0</u>	<u>£ —</u>	<u>£ 15.0</u>
Successor (a):				
Restructuring liability as of June 7, 2013 . . . . .	£ —	£ 15.0	£ —	£ 15.0
Restructuring charges (b) . . . . .	29.0	(0.2)	3.8	32.6
Cash paid . . . . .	(24.0)	(8.1)	(0.1)	(32.2)
Other . . . . .	<u>0.4</u>	<u>2.2</u>	<u>(3.5)</u>	<u>(0.9)</u>
Restructuring liability as of December 31, 2013 . . . . .	£ 5.4	£ 8.9	£ 0.2	£ 14.5

(a) As retrospectively revised — see note 4.

(b) 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.

**(15) Defined Benefit Plans**

We operate two defined benefit plans in the U.K. and one defined benefit plan in Ireland, all of which are funded. These defined benefit plans are closed to new entrants and existing participants do not accrue any additional benefits.

The table below provides summary information on our defined benefit plans (in millions):

	<b>Successor</b>			<b>Predecessor</b>
	<b>Year ended December 31, 2015</b>	<b>Year ended December 31, 2014 (a)</b>	<b>Period from June 8 to December 31, 2013 (a)</b>	<b>Period from January 1 to June 7, 2013</b>
Projected benefit obligation . . . . .	£ 499.7	£ 541.9	£ 471.3	£ 433.7
Fair value of plan assets (b) . . . . .	£ 501.2	£ 500.8	£ 434.2	£ 397.4
Net liability (asset) . . . . .	£ (1.5)	£ 41.1	£ 37.1	£ 36.3
Net periodic pension cost . . . . .	£ (5.4)	£ (5.2)	£ 0.2	£ 0.7

(a) As retrospectively revised — see note 4.

(b) The fair value of plan assets is primarily based on Level 1 inputs of the fair value hierarchy (as further described in note 7). Our plan assets comprise investments in debt securities, equity securities, hedge funds, insurance contracts and certain other assets.

Based on December 31, 2015 exchange rates and information available as of that date, contributions to the respective defined benefit plans in 2016 are expected to aggregate £23.8 million.



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**(16) Accumulated Other Comprehensive Earnings (Loss)**

Accumulated other comprehensive earnings (loss) included in our consolidated balance sheets and statements of owners' 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:

	Parent					
	Foreign currency translation adjustments	Unrealized losses on cash flow hedges	Pension- related adjustments	Accumulated other comprehensive earnings (loss)	Non- controlling interest	Total accumulated other comprehensive earnings (loss)
	in millions					
Predecessor:						
Balance at January 1, 2013 . . . . .	£ 161.2	£ (68.5)	£ (98.5)	£ (5.8)	£ —	£ (5.8)
Other comprehensive loss . . . . .	(9.8)	(7.6)	0.6	(16.8)	—	(16.8)
Balance at June 7, 2013 . . . . .	<u>£ 151.4</u>	<u>£ (76.1)</u>	<u>£ (97.9)</u>	<u>£ (22.6)</u>	<u>£ —</u>	<u>£ (22.6)</u>
Successor (a):						
Balance at June 8, 2013 (b) . . . . .	£ —	£ —	£ (4.3)	£ (4.3)	£ (2.5)	£ (6.8)
Other comprehensive earnings . . . . .	150.0	—	(0.7)	149.3	2.1	151.4
Balance at December 31, 2013 . . . . .	150.0	—	(5.0)	145.0	(0.4)	144.6
Other comprehensive loss . . . . .	(66.6)	—	(29.4)	(96.0)	0.8	(95.2)
Balance at December 31, 2014 . . . . .	83.4	—	(34.4)	49.0	0.4	49.4
Other comprehensive earnings . . . . .	34.9	—	7.0	41.9	4.5	46.4
Balance at December 31, 2015 . . . . .	<u>£ 118.3</u>	<u>£ —</u>	<u>£ (27.4)</u>	<u>£ 90.9</u>	<u>£ 4.9</u>	<u>£ 95.8</u>

(a) As retrospectively revised — see note 4.

(b) As a result of the application of acquisition accounting in connection with the LG/VM Transaction, the Predecessor balance was eliminated. For more information regarding the LG/VM Transaction, see note 5. Amounts included relate to the the VM Ireland Acquisition. For additional information, see note 4.

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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 (expense) in millions</u>	<u>Net-of-tax amount</u>
Successor:			
Year ended December 31, 2015:			
Foreign currency translation adjustments .....	£ 37.3	£ —	£ 37.3
Pension related adjustments .....	9.8	(0.7)	9.1
Other comprehensive earnings .....	47.1	(0.7)	46.4
Other comprehensive earnings attributable to noncontrolling interest .....	(4.5)	—	(4.5)
Other comprehensive earnings attributable to parent .....	<u>£ 42.6</u>	<u>£ (0.7)</u>	<u>£ 41.9</u>
Year ended December 31, 2014 (a):			
Foreign currency translation adjustments .....	£ (62.9)	£ —	£ (62.9)
Pension related adjustments .....	(39.3)	7.0	(32.3)
Other comprehensive loss .....	(102.2)	7.0	(95.2)
Other comprehensive earnings attributable to noncontrolling interest .....	(0.8)	—	(0.8)
Other comprehensive loss attributable to parent .....	<u>£ (103.0)</u>	<u>£ 7.0</u>	<u>£ (96.0)</u>
Period from June 8, 2013 to December 31, 2013 (a):			
Foreign currency translation adjustments .....	£ 151.5	£ —	£ 151.5
Pension related adjustments .....	(0.5)	0.4	(0.1)
Other comprehensive earnings .....	151.0	0.4	151.4
Other comprehensive loss attributable to noncontrolling interest .....	(2.1)	—	(2.1)
Other comprehensive earnings attributable to parent .....	<u>£ 148.9</u>	<u>£ 0.4</u>	<u>£ 149.3</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>

(a) As retrospectively revised — see note 4.

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**(17) 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 and non-cancellable operating leases and other items. The pound sterling equivalents of such commitments as of December 31, 2015 are presented below:

		Payments due during:						Total
		2016	2017	2018	2019	2020	Thereafter	
		in millions						
Programming commitments . . . . .	£	462.4	£ 459.5	£ 399.1	£ 156.8	£ 4.7	£ 3.7	£ 1,486.2
Network and connectivity commitments . . . . .		297.2	80.3	25.6	6.7	5.4	22.3	437.5
Purchase commitments . . . . .		227.1	48.2	19.5	7.1	3.7	0.7	306.3
Operating leases . . . . .		37.2	31.2	25.6	20.0	13.5	55.2	182.7
Other commitments . . . . .		15.2	—	—	—	—	—	15.2
Total (a) . . . . .	£	<u>1,039.1</u>	<u>£ 619.2</u>	<u>£ 469.8</u>	<u>£ 190.6</u>	<u>£ 27.3</u>	<u>£ 81.9</u>	<u>£ 2,427.9</u>

(a) The commitments included in this table do not reflect any liabilities that are included in our December 31, 2015 consolidated balance sheet.

Programming commitments consist of obligations associated with certain of our programming contracts that are enforceable and legally binding on us as we have agreed to pay minimum fees without regard to (i) the actual number of subscribers to the programming services or (ii) whether we terminate service to a portion of our subscribers or dispose of a portion of our distribution systems. In addition, programming commitments do not include increases in future periods associated with contractual inflation or other price adjustments that are not fixed. Accordingly, the amounts reflected in the above table with respect to these contracts are significantly less than the amounts we expect to pay in these periods under these contracts. Historically, payments to programming vendors have represented a significant portion of our operating costs, and we expect that this will continue to be the case in future periods. In this regard, during the year ended December 31, 2015, year ended December 31, 2014, the period from June 8 to December 31, 2013 and the period from January 1 to June 7, 2013, the programming costs incurred aggregated £700.0 million, £624.1 million, £336.2 million and £232.3 million, respectively.

Network and connectivity commitments include, among other items, the fixed minimum commitments associated with our mobile virtual network operator (MVNO) agreements and service commitments associated with our network extension project in the U.K. 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 and legally binding obligations related to (i) the purchase of customer premises and other equipment and (ii) certain service-related commitments, including call center, information technology and maintenance services.

Commitments arising from acquisition agreements are not reflected in the above table.

In addition to the commitments set forth in the table above, we have significant commitments under (i) derivative instruments and (ii) defined benefit plans and similar agreements, pursuant to which we expect to make payments in future periods. For information regarding our derivative instruments, including the net cash paid or received in connection with these instruments during the year ended December 31, 2015, the year ended

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December 31, 2014, the period from June 8 to December 31, 2013 and the period from January 1 to June 7, 2013, see note 6. For information regarding our defined benefit plans, see note 15.

Rental expense under non-cancellable operating lease arrangements amounted to £48.0 million, £48.6 million, £27.7 million and £18.2 million during the year ended December 31, 2015, year ended December 31, 2014, the period from June 8 to December 31, 2013 and the period from January 1 to June 7, 2013, 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 defined contribution benefit plans for our subsidiaries' employees. The aggregate expense for matching contributions under the defined contribution employee benefit plans was £19.4 million, £18.8 million, £11.7 million and £7.7 million during the year ended December 31, 2015, year ended December 31, 2014, the period from June 8 to December 31, 2013 and the period from January 1 to June 7, 2013, respectively.

***Guarantees and Other Credit Enhancements***

In the ordinary course of business, we may provide (i) indemnifications to our lenders, our vendors and certain other parties, (ii) performance and/or financial guarantees to local municipalities, our customers and vendors and (iii) guarantees as a co-guarantor with certain other Liberty Global subsidiaries related to various financing arrangements. 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 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 £45.2 million as of December 31, 2015. 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 prior to March 31, 2016.

On March 19, 2014, the U.K. government announced a change in legislation with respect to the charging of VAT in connection with prompt payment discounts such as those that we offer to our fixed-line telephony customers. This change, which took effect on May 1, 2014, impacted our company and some of our competitors. As a result of this legislation, our revenue was £14.4 million lower during 2015 as compared to 2014. The U.K. tax authority issued a decision in the fourth quarter of 2015 challenging our application of the prompt payment discount rules prior to the May 1, 2014 change in legislation. We have appealed this decision. As part of the appeal process, we were required to make aggregate payments of £67.0 million, which included the challenged amount of £63.7 million and related interest of £3.3 million. The aggregate amount paid does not include penalties, which could be significant in the unlikely event that penalties were to be assessed. This matter will likely be subject to court proceedings that could delay the ultimate resolution for an extended period of time. No portion of this potential exposure has been accrued by our company as the likelihood of loss is not considered to be probable.

*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

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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.

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 channel carriage fees. While we generally expect that the amounts required to satisfy these contingencies will not materially differ from any estimated amounts we have accrued, no assurance can be given that the resolution of one or more of these contingencies will not result in a material impact on our results of operations, cash flows or financial position in any given period. Due, in general, to the complexity of the issues involved and, in certain cases, the lack of a clear basis for predicting outcomes, we cannot provide a meaningful range of potential losses or cash outflows that might result from any unfavorable outcomes.

**(18) Segment Reporting**

We have one reportable segment that provides video, broadband internet, fixed-line telephony and mobile services in the U.K. and Ireland.

Our revenue by major category is set forth below (in millions):

	Successor			Predecessor
	Year ended December 31, 2015	Year ended December 31, 2014 (a)	Period from June 8 to December 31, 2013 (a)	Period from January 1 to June 7, 2013
Subscription revenue:				
Video .....	£ 1,062.2	£ 1,079.5	£ 631.7	£ 421.6
Broadband internet .....	1,228.5	1,111.8	547.3	377.7
Fixed-line telephony .....	952.1	991.6	573.3	434.4
Cable subscription revenue (b) .....	3,242.8	3,182.9	1,752.3	1,233.7
Mobile (c) .....	465.0	480.0	252.8	187.5
Total subscription revenue .....	3,707.8	3,662.9	2,005.1	1,421.2
B2B revenue (d) .....	657.4	617.5	330.1	269.5
Other revenue (e) .....	253.2	216.5	148.1	119.5
Total .....	£ 4,618.4	£ 4,496.9	£ 2,483.3	£ 1,810.2

(a) As retrospectively revised — see note 4.

(b) 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.

(c) Mobile subscription revenue excludes mobile interconnect revenue of £68.1 million, £80.2 million, £45.8 million and £38.9 million during the year ended December 31, 2015, the year ended December 31, 2014, the period from June 8 to December 31, 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.



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- (d) B2B revenue includes revenue from business broadband internet, voice, mobile and data services offered to medium to large enterprises and, on a wholesale basis, to other operators. We also provide services to certain small office and home office (SOHO) subscribers. SOHO subscribers pay a premium price to receive expanded service levels along with video, broadband internet, fixed-line telephony or mobile services that are the same or similar to the mass marketed products offered to our residential subscribers. Revenue from SOHO subscribers, which is included in cable subscription revenue, aggregated £21.8 million, £17.2 million, £9.4 million and £7.0 million during the year ended December 31, 2015, the year ended December 31, 2014, the period from June 8 to December 31, 2013 and the period from January 1 to June 7, 2013, respectively.
- (e) Other revenue includes, among other items, mobile handset sales, interconnect and late fee revenue.

***Geographic Segments***

The revenue of our geographic segments is set forth below (in millions):

	Successor			Predecessor
	Year ended December 31, 2015	Year ended December 31, 2014 (a)	Period from June 8 to December 31, 2013 (a)	Period from January 1 to June 7, 2013
U.K. ....	£ 4,359.6	£ 4,213.9	£ 2,310.2	£ 1,810.2
Ireland ....	258.8	283.0	173.1	—
Total ....	£ 4,618.4	£ 4,496.9	£ 2,483.3	£ 1,810.2

- (a) As retrospectively revised — see note 4.

The long-lived assets of our geographic segments are set forth below:

	Successor	
	Year ended December 31, 2015	Year ended December 31, 2014 (a)
	in millions	
U.K. ....	£ 12,982.4	£ 13,541.1
Ireland ....	449.5	421.0
Total ....	£ 13,431.9	£ 13,962.1

- (a) As retrospectively revised – see note 4.

**(19) Condensed Consolidating Financial Information — Senior Notes**

We present the following condensed consolidating financial information as of December 31, 2015 and December 31, 2014 and for the year ended December 31, 2015, the year ended December 31, 2014, the period from June 8 to December 31, 2013 and the period from January 1 to June 7, 2013 as required by the applicable underlying indentures.

As of December 31, 2015, Virgin Media Finance is the issuer of the following senior notes:

- \$118.7 million (£80.6 million) aggregate principal amount of 2022 VM 4.875% Dollar Senior Notes;
- \$95.0 million (£64.5 million) aggregate principal amount of 2022 VM 5.25% Dollar Senior Notes;

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- £44.1 million aggregate principal amount of 2022 VM Sterling Senior Notes;
- \$530.0 million (£359.7 million) aggregate principal amount of 2023 VM Dollar Senior Notes;
- £250.0 million aggregate principal amount of 2023 VM Sterling Senior Notes;
- \$500.0 million (£339.4 million) aggregate principal amount of 2024 VM Dollar Senior Notes;
- £300.0 million aggregate principal amount of 2024 VM Sterling Senior Notes;
- €460.0 million (£339.3 million) aggregate principal amount of 2025 VM Euro Senior Notes; and
- \$400.0 million (£271.5 million) aggregate principal amount of 2025 VM Dollar Senior Notes.

Our senior notes are issued by Virgin Media Finance and are guaranteed on a senior basis by Virgin Media and certain of its subsidiaries, namely Virgin Media Group LLC (**Virgin Media Group**), Virgin Media (UK) Group LLC (**Virgin Media (UK) Group**) and Virgin Media Communications. Each of VMIH and Virgin Media Investments Limited (**VMIL**) are conditional guarantors and have guaranteed the senior notes on a senior subordinated basis.

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	Successor									
	December 31, 2015									
Balance sheets	Virgin Media	Virgin Media Finance	Other guarantors	VMIH	VMIL	All other subsidiaries	Eliminations	Total		
	in millions									
ASSETS										
Current assets:										
Cash and cash equivalents . .	£ —	£ 0.2	£ 0.1	£ 0.1	£ —	£ 19.8	£ —	£ 20.2		
Related-party note and other receivables . . . . .	—	—	—	—	—	45.4	—	45.4		
Other current assets:										
Third-party . . . . .	23.5	—	—	37.0	—	570.5	—	631.0		
Intercompany and related-party . . . . .	—	2.5	—	0.6	—	6.6	(8.2)	1.5		
Total current assets . . . .	23.5	2.7	0.1	37.7	—	642.3	(8.2)	698.1		
Property and equipment, net . .	—	—	—	—	—	5,861.2	—	5,861.2		
Goodwill . . . . .	—	—	—	—	—	5,966.6	—	5,966.6		
Intangible assets subject to amortization, net . . . . .	—	—	—	—	—	1,604.1	—	1,604.1		
Investments in, and loans to, parent and subsidiary companies . . . . .	7,597.5	9,695.9	8,253.2	12,397.6	12,390.0	(7,368.7)	(42,965.5)	—		
Deferred income taxes . . . . .	—	—	—	—	—	1,430.7	—	1,430.7		
Related-party notes receivable . . . . .	13.2	—	—	—	—	3,371.9	—	3,385.1		
Other assets, net:										
Third-party . . . . .	—	21.5	—	278.8	—	236.3	—	536.6		
Intercompany . . . . .	—	20.8	—	—	—	64.7	(85.5)	—		
Total assets . . . . .	£7,634.2	£9,740.9	£8,253.3	£12,714.1	£12,390.0	£11,809.1	£(43,059.2)	£19,482.4		
LIABILITIES AND OWNERS' EQUITY										
Current liabilities:										
Intercompany and related-party payables . . . . .	£ 8.0	£ 68.5	£ —	£ 132.6	£ —	£ 268.8	£ (469.3)	£ 8.6		
Other current liabilities:										
Third-party . . . . .	111.7	34.2	—	686.3	—	1,461.7	—	2,293.9		
Intercompany and related-party . . . . .	6.9	0.5	—	8.2	—	18.7	(8.2)	26.1		
Total current liabilities . . . . .	126.6	103.2	—	827.1	—	1,749.2	(477.5)	2,328.6		
Long-term debt and capital lease obligations:										
Third-party . . . . .	—	2,050.2	—	—	—	7,391.4	—	9,441.6		
Related-party . . . . .	—	—	—	—	—	72.0	—	72.0		
Other long-term liabilities:										
Third-party . . . . .	—	—	—	26.7	—	154.1	—	180.8		
Intercompany . . . . .	—	—	—	85.5	—	—	(85.5)	—		
Total liabilities . . . . .	126.6	2,153.4	—	939.3	—	9,366.7	(563.0)	12,023.0		
Total parent's equity . . . .	7,507.6	7,587.5	8,253.3	11,774.8	12,390.0	2,490.6	(42,496.2)	7,507.6		
Noncontrolling interest . . . . .	—	—	—	—	—	(48.2)	—	(48.2)		
Total owners' equity . . . .	7,507.6	7,587.5	8,253.3	11,774.8	12,390.0	2,442.4	(42,496.2)	7,459.4		
Total liabilities and owners' equity . . . . .	£7,634.2	£9,740.9	£8,253.3	£12,714.1	£12,390.0	£11,809.1	£(43,059.2)	£19,482.4		

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	Successor												
	December 31, 2014 (a)												
Balance sheets	Virgin Media	Virgin Media Finance	Other guarantors	VMIH	VMIL	All other subsidiaries	Eliminations	Total					
	in millions												
ASSETS													
Current assets:													
Cash and cash equivalents . . . . .	£ 0.5	£ —	£ —	£ —	£ —	£ 36.1	£ —	£ 36.6					
Related-party note and other receivables . . . . .	0.4	—	—	—	—	744.9	—	745.3					
Other current assets:													
Third-party . . . . .	—	—	—	28.0	—	543.0	—	571.0					
Intercompany and related-party . . . . .	—	1.4	—	—	—	3.9	(4.0)	1.3					
Total current assets . . . . .	0.9	1.4	—	28.0	—	1,327.9	(4.0)	1,354.2					
Property and equipment, net . . . . .	—	—	—	—	—	6,074.8	—	6,074.8					
Goodwill . . . . .	—	—	—	—	—	5,933.7	—	5,933.7					
Intangible assets subject to amortization, net . . . . .	—	—	—	—	—	1,953.6	—	1,953.6					
Investments in, and loans to, parent and subsidiary companies . . . . .	8,529.2	9,582.7	8,761.4	12,267.1	12,436.2	(7,081.7)	(44,494.9)	—					
Deferred income taxes . . . . .	—	—	—	—	—	1,506.2	—	1,506.2					
Related-party notes receivable . . . . .	25.0	—	—	—	—	2,297.3	—	2,322.3					
Other assets, net: . . . . .													
Third-party . . . . .	58.3	16.6	—	102.0	—	104.9	—	281.8					
Intercompany . . . . .	—	—	—	21.0	—	4.2	(25.2)	—					
Total assets . . . . .	£ 8,613.4	£ 9,600.7	£ 8,761.4	£ 12,418.1	£ 12,436.2	£ 12,120.9	£ (44,524.1)	£ 19,426.6					
LIABILITIES AND OWNERS' EQUITY													
Current liabilities:													
Intercompany and related-party payables . . . . .	£ —	£ 59.6	£ 5.1	£ 115.6	£ —	£ 615.3	£ (787.7)	£ 7.9					
Other current liabilities:													
Third-party . . . . .	116.3	20.9	—	290.7	—	1,388.1	—	1,816.0					
Intercompany and related-party . . . . .	13.7	—	—	4.0	—	15.4	(4.0)	29.1					
Total current liabilities . . . . .	130.0	80.5	5.1	410.3	—	2,018.8	(791.7)	1,853.0					
Long-term debt and capital lease obligations:													
Third-party . . . . .	—	1,393.8	—	—	—	6,955.3	—	8,349.1					
Related-party . . . . .	—	—	—	—	—	439.0	—	439.0					
Other long-term liabilities:													
Third-party . . . . .	—	—	—	101.6	—	199.8	—	301.4					
Intercompany and related-party . . . . .	—	7.3	—	4.2	—	63.8	(25.2)	50.1					
Total liabilities . . . . .	130.0	1,481.6	5.1	516.1	—	9,676.7	(816.9)	10,992.6					
Total parent's equity . . . . .	8,483.4	8,119.1	8,756.3	11,902.0	12,436.2	2,493.6	(43,707.2)	8,483.4					
Noncontrolling interest . . . . .	—	—	—	—	—	(49.4)	—	(49.4)					
Total owners' equity . . . . .	8,483.4	8,119.1	8,756.3	11,902.0	12,436.2	2,444.2	(43,707.2)	8,434.0					
Total liabilities and owners' equity . . . . .	£ 8,613.4	£ 9,600.7	£ 8,761.4	£ 12,418.1	£ 12,436.2	£ 12,120.9	£ (44,524.1)	£ 19,426.6					

(a) As retrospectively revised — see note 4.

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Statements of operations	Successor							
	Year ended December 31, 2015							
	Virgin Media	Virgin Media Finance	Other guarantors	VMIH	VMIL	All other subsidiaries	Eliminations	Total
	in millions							
Revenue	£ —	£ —	£ —	£ —	£ —	£ 4,618.4	£ —	£4,618.4
Operating costs and expenses:								
Operating (other than depreciation and amortization)	—	—	—	—	—	1,975.3	—	1,975.3
SG&A (including share-based compensation)	4.2	—	—	—	—	605.1	—	609.3
Related-party fees and allocations, net	—	—	—	—	—	87.6	—	87.6
Depreciation and amortization	—	—	—	—	—	1,557.8	—	1,557.8
Impairment, restructuring and other operating items, net	—	—	—	—	—	10.9	—	10.9
	4.2	—	—	—	—	4,236.7	—	4,240.9
Operating income (loss)	(4.2)	—	—	—	—	381.7	—	377.5
Non-operating income (expense):								
Interest expense:								
Third-party	(4.5)	(117.7)	—	(17.9)	—	(370.4)	—	(510.5)
Related-party and intercompany	(7.9)	(221.0)	(0.3)	(433.6)	—	(1,199.5)	1,856.6	(5.7)
Interest income — related-party and intercompany	6.3	54.8	11.8	220.1	—	1,810.1	(1,856.6)	246.5
Realized and unrealized gains (losses) on derivative instruments, net:								
Third-party	10.3	—	—	249.5	—	—	—	259.8
Related-party	—	31.1	—	(110.3)	—	72.5	—	(6.7)
Foreign currency transaction gains (losses), net	(0.1)	(151.6)	(31.2)	(145.8)	—	56.9	—	(271.8)
Loss on debt modification and extinguishment, net	—	—	—	—	—	(29.4)	—	(29.4)
Other expense, net	—	(0.1)	—	(0.2)	—	(0.1)	—	(0.4)
	4.1	(404.5)	(19.7)	(238.2)	—	340.1	—	(318.2)
Earnings (loss) before income taxes	(0.1)	(404.5)	(19.7)	(238.2)	—	721.8	—	59.3
Income tax expense	(1.8)	—	—	—	—	(199.4)	—	(201.2)
Earnings (loss) after income taxes	(1.9)	(404.5)	(19.7)	(238.2)	—	522.4	—	(141.9)
Equity in net earnings (loss) of subsidiaries	(134.5)	265.3	(132.7)	503.5	346.3	—	(847.9)	—
Net earnings (loss)	(136.4)	(139.2)	(152.4)	265.3	346.3	522.4	(847.9)	(141.9)
Net loss attributable to noncontrolling interest	—	—	—	—	—	5.5	—	5.5
Net earnings (loss) attributable to parent	£(136.4)	£(139.2)	£(152.4)	£ 265.3	£346.3	£ 527.9	£ (847.9)	£ (136.4)
Total comprehensive earnings (loss)	£ (94.5)	£(117.4)	£ (88.7)	£ 287.1	£368.1	£ 548.8	£ (998.9)	£ (95.5)
Comprehensive loss attributable to noncontrolling interest	—	—	—	—	—	1.0	—	1.0
Comprehensive earnings (loss) attributable to parent	£ (94.5)	£(117.4)	£ (88.7)	£ 287.1	£368.1	£ 549.8	£ (998.9)	£ (94.5)



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	Successor									
	Year ended December 31, 2014 (a)									
Statements of operations	Virgin Media	Virgin Media Finance	Other guarantors	VMIH	VMIL	All other subsidiaries	Eliminations	Total		
	in millions									
Revenue .....	£ —	£ —	£ —	£ —	£ —	£ 4,496.9	£ —	£ 4,496.9		
Operating costs and expenses:										
Operating (other than depreciation and amortization) .....	—	—	—	—	—	1,956.1	—	1,956.1		
SG&A (including share-based compensation) .....	3.6	—	—	—	—	605.7	—	609.3		
Related-party fees and allocations, net .....	—	—	—	—	—	36.6	—	36.6		
Depreciation and amortization .....	—	—	—	—	—	1,608.1	—	1,608.1		
Impairment, restructuring and other operating items, net .....	—	—	—	—	—	12.7	—	12.7		
	3.6	—	—	—	—	4,219.2	—	4,222.8		
Operating income (loss) .....	(3.6)	—	—	—	—	277.7	—	274.1		
Non-operating income (expense):										
Interest expense:										
Third-party .....	(10.5)	(87.9)	—	(11.7)	—	(347.0)	—	(457.1)		
Related-party and intercompany ...	(186.8)	(6.7)	(11.2)	(340.6)	—	(1,126.9)	1,620.2	(52.0)		
Interest income — related-party and intercompany .....	25.3	62.0	14.1	282.5	—	1,466.0	(1,620.2)	229.7		
Realized and unrealized gains (losses) on derivative instruments, net:										
Third-party .....	(8.8)	—	—	59.3	—	—	—	50.5		
Related-party .....	—	10.1	—	(38.0)	—	26.0	—	(1.9)		
Foreign currency transaction gains (losses), net .....	(30.9)	(13.0)	(12.7)	(43.7)	—	10.1	(61.8)	(152.0)		
Gains (losses) on debt modification and extinguishment, net .....	—	20.2	—	—	—	(0.1)	—	20.1		
Other income (expense), net .....	0.3	—	0.5	(0.1)	—	0.7	—	1.4		
	(211.4)	(15.3)	(9.3)	(92.3)	—	28.8	(61.8)	(361.3)		
Earnings (loss) before income taxes .....	(215.0)	(15.3)	(9.3)	(92.3)	—	306.5	(61.8)	(87.2)		
Income tax expense .....	(1.7)	—	(0.1)	—	—	(19.6)	—	(21.4)		
Earnings (loss) after income taxes .....	(216.7)	(15.3)	(9.4)	(92.3)	—	286.9	(61.8)	(108.6)		
Equity in net earnings of subsidiaries ...	107.5	122.2	116.8	276.3	243.0	—	(865.8)	—		
Net earnings (loss) .....	(109.2)	106.9	107.4	184.0	243.0	286.9	(927.6)	(108.6)		
Net earnings attributable to noncontrolling interest .....	—	—	—	—	—	(0.6)	—	(0.6)		
Net earnings (loss) attributable to parent .....	£ (109.2)	£ 106.9	£ 107.4	£ 184.0	£ 243.0	£ 286.3	£ (927.6)	£ (109.2)		
Total comprehensive earnings (loss) .....	£ (205.2)	£ 94.8	£ 91.9	£ 171.9	£ 230.9	£ 275.5	£ (863.6)	£ (203.8)		
Comprehensive earnings attributable to noncontrolling interest .....	—	—	—	—	—	(1.4)	—	(1.4)		
Comprehensive earnings (loss) attributable to parent .....	£ (205.2)	£ 94.8	£ 91.9	£ 171.9	£ 230.9	£ 274.1	£ (863.6)	£ (205.2)		

(a) As retrospectively revised — see note 4.

**VIRGIN MEDIA INC.**  
**(See note 1)**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2015, 2014 and 2013**

	Successor									
	Period from June 8 to December 31, 2013 (a)									
Statements of operations	Virgin Media	Virgin Media Finance	Other guarantors	VMIH	VMIL	All other subsidiaries	Eliminations	Total		
	in millions									
Revenue . . . . .	£ —	£ —	£ —	£ —	£ —	£ 2,483.3	£ —	£ 2,483.3		
Operating costs and expenses:										
Operating (other than depreciation and amortization) . . . . .	—	—	—	—	—	1,129.4	—	1,129.4		
SG&A (including share-based compensation) . . . . .	1.6	—	—	—	—	388.1	—	389.7		
Related-party fees and allocations, net . . . . .	—	—	—	—	—	21.1	—	21.1		
Depreciation and amortization . . . . .	—	—	—	—	—	941.5	—	941.5		
Impairment, restructuring and other operating items, net . . . . .	0.6	—	—	—	—	36.6	—	37.2		
	2.2	—	—	—	—	2,516.7	—	2,518.9		
Operating loss . . . . .	(2.2)	—	—	—	—	(33.4)	—	(35.6)		
Non-operating income (expense):										
Interest expense:										
Third-party . . . . .	(9.1)	(50.4)	—	(4.9)	—	(199.2)	—	(263.6)		
Related-party and intercompany . . . . .	(99.3)	(3.7)	(6.3)	(226.5)	—	(578.8)	876.3	(38.3)		
Interest income — related-party and intercompany . . . . .	0.2	48.3	7.9	186.5	—	740.4	(876.3)	107.0		
Realized and unrealized gains (losses) on derivative instruments, net:										
Third-party . . . . .	27.0	—	—	(230.7)	—	—	—	(203.7)		
Related-party . . . . .	—	(15.7)	—	45.5	—	(29.5)	—	0.3		
Foreign currency transaction gains (losses), net . . . . .	27.0	17.8	(3.0)	65.7	—	12.6	22.6	142.7		
Gains (losses) on debt modification and extinguishment, net . . . . .	—	(0.3)	—	—	—	0.9	—	0.6		
Other income, net . . . . .	0.2	—	—	0.1	—	0.1	—	0.4		
	(54.0)	(4.0)	(1.4)	(164.3)	—	(53.5)	22.6	(254.6)		
Loss before income taxes . . . . .	(56.2)	(4.0)	(1.4)	(164.3)	—	(86.9)	22.6	(290.2)		
Income tax expense . . . . .	—	—	—	—	—	(197.5)	—	(197.5)		
Loss after income taxes . . . . .	(56.2)	(4.0)	(1.4)	(164.3)	—	(284.4)	22.6	(487.7)		
Equity in net loss of subsidiaries . . . . .	(431.6)	(414.4)	(430.2)	(272.7)	(297.1)	—	1,846.0	—		
Net loss . . . . .	(487.8)	(418.4)	(431.6)	(437.0)	(297.1)	(284.4)	1,868.6	(487.7)		
Net earnings attributable to noncontrolling interest . . . . .	—	—	—	—	—	(0.1)	—	(0.1)		
Net loss attributable to parent . . . . .	£ (487.8)	£ (418.4)	£ (431.6)	£ (437.0)	£ (297.1)	£ (284.5)	£ 1,868.6	£ (487.8)		
Total comprehensive loss . . . . .	£ (342.8)	£ (432.8)	£ (442.1)	£ (451.4)	£ (311.5)	£ (292.3)	£ 1,936.6	£ (336.3)		
Comprehensive earnings attributable to noncontrolling interest . . . . .	—	—	—	—	—	(2.2)	—	(2.2)		
Comprehensive loss attributable to parent . . . . .	£ (342.8)	£ (432.8)	£ (442.1)	£ (451.4)	£ (311.5)	£ (294.5)	£ 1,936.6	£ (338.5)		

(a) As retrospectively revised — see note 4.

**VIRGIN MEDIA INC.**  
**(See note 1)**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2015, 2014 and 2013**

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) .....	—	—	—	—	—	856.4	—	856.4
SG&A (including share-based compensation) .....	8.4	—	—	—	—	236.7	—	245.1
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 .....	(26.4)	(52.2)	—	7.7	—	(85.8)	—	(156.7)
Intercompany .....	(29.5)	(1.9)	(4.8)	(134.9)	—	(285.5)	456.6	—
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)
Loss on debt modification and extinguishment, net .....	(0.1)	—	—	—	—	—	—	(0.1)
Other income, net .....	—	—	—	0.2	—	0.2	—	0.4
	(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 Consolidated Financial Statements — (Continued)**  
**December 31, 2015, 2014 and 2013**

Statements of cash flows	Successor						
	Year ended December 31, 2015						
	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 . . . . .	£ (2.9)	£(259.4)	£ —	£ (224.3)	£ —	£ 2,112.9	£ 1,626.3
Cash flows from investing activities:							
Cash paid in connection with the VM Ireland Acquisition . . . . .	—	—	—	—	—	(993.8)	(993.8)
Advances to related parties, net . . .	(445.7)	—	—	—	—	(441.8)	(887.5)
Capital expenditures . . . . .	—	—	—	—	—	(580.2)	(580.2)
Cash paid in connection with the TV3 Acquisition, net of cash acquired . . . . .	—	—	—	—	—	(57.2)	(57.2)
Other investing activities, net . . . .	—	—	—	—	—	10.5	10.5
Net cash used by investing activities . . . . .	(445.7)	—	—	—	—	(2,062.5)	(2,508.2)
Cash flows from financing activities:							
Borrowings of third-party debt . . .	—	607.7	—	1,488.3	—	1,491.2	3,587.2
Repayments and repurchases of third-party debt and capital lease obligations . . . . .	—	—	—	(1,489.0)	—	(1,277.1)	(2,766.1)
Net borrowings of related-party notes . . . . .	—	—	—	—	—	69.6	69.6
Contributions (distributions) . . . .	445.7	(340.5)	0.1	238.3	—	(343.6)	—
Payment of financing costs and debt premiums . . . . .	—	(7.6)	—	(3.7)	—	(17.4)	(28.7)
Net cash paid related to derivative instruments . . . . .	—	—	—	(9.5)	—	(8.4)	(17.9)
Other financing activities, net . . . .	—	—	—	—	—	19.0	19.0
Net cash provided (used) by financing activities . . . . .	445.7	259.6	0.1	224.4	—	(66.7)	863.1
Effect of exchange rates on cash and cash equivalents . . . . .	2.4	—	—	—	—	—	2.4
Net increase (decrease) in cash and cash equivalents . . . . .	(0.5)	0.2	0.1	0.1	—	(16.3)	(16.4)
Cash and cash equivalents:							
Beginning of period . . . . .	0.5	—	—	—	—	36.1	36.6
End of period . . . . .	£ —	£ 0.2	£ 0.1	£ 0.1	£ —	£ 19.8	£ 20.2

**VIRGIN MEDIA INC.**  
**(See note 1)**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2015, 2014 and 2013**

Statements of cash flows	Successor						
	Year ended December 31, 2014 (a)						
	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	£ (153.3)	£ (47.1)	£ 1.8	£ (22.8)	£ —	£ 1,903.8	£ 1,682.4
Cash flows from investing activities:							
Advances to related parties, net	(317.6)	—	—	—	—	(688.0)	(1,005.6)
Capital expenditures	—	—	—	—	—	(650.8)	(650.8)
Other investing activities, net	—	—	—	—	—	(10.1)	(10.1)
Net cash used by investing activities	(317.6)	—	—	—	—	(1,348.9)	(1,666.5)
Cash flows from financing activities:							
Borrowings of third-party debt	—	610.9	—	—	—	1,535.5	2,146.4
Repayments and repurchases of third-party debt and capital lease obligations	—	(569.0)	—	(59.4)	—	(1,657.8)	(2,286.2)
Net repayments of related-party notes	—	—	—	—	—	(64.7)	(64.7)
Contributions (distributions)	159.2	37.8	(2.0)	109.8	—	(304.8)	—
Payment of financing costs and debt premiums	—	(32.7)	—	—	—	(56.6)	(89.3)
Net cash received (paid) related to derivative instruments	0.8	—	—	(27.9)	—	—	(27.1)
Other financing activities, net	—	—	—	—	—	(0.5)	(0.5)
Net cash provided (used) by financing activities	160.0	47.0	(2.0)	22.5	—	(548.9)	(321.4)
Effect of exchange rates on cash and cash equivalents	(1.9)	—	—	—	—	—	(1.9)
Net increase (decrease) in cash and cash equivalents	(312.8)	(0.1)	(0.2)	(0.3)	—	6.0	(307.4)
Cash and cash equivalents:							
Beginning of period	313.3	0.1	0.2	0.3	—	30.1	344.0
End of period	£ 0.5	£ —	£ —	£ —	£ —	£ 36.1	£ 36.6

(a) As retrospectively revised — see note 4.

**VIRGIN MEDIA INC.**  
**(See note 1)**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2015, 2014 and 2013**

Statements of cash flows	Successor						
	Period from June 8 to December 31, 2013 (a)						
	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 . . . . .	£ (98.4)	£ (12.4)	£ 0.1	£(77.2)	£ —	£ 831.3	£ 643.4
Cash flows from investing activities:							
Advances to related parties, net . . . . .	(65.7)	—	—	—	—	(2,290.6)	(2,356.3)
Capital expenditures . . . . .	—	—	—	—	—	(448.1)	(448.1)
Other investing activities, net . . . . .	—	—	—	—	—	1.9	1.9
Net cash used by investing activities . . . . .	(65.7)	—	—	—	—	(2,736.8)	(2,802.5)
Cash flows from financing activities:							
Borrowings of third-party debt . . . . .	—	—	—	—	—	1,983.4	1,983.4
Repayments and repurchases of third-party debt and capital lease obligations . . . . .	(2,832.7)	(1,116.8)	—	—	—	(101.4)	(4,050.9)
Net repayments of related-party notes . . . . .	(1,819.6)	—	—	—	—	(51.6)	(1,871.2)
Contributions (distributions) . . . . .	1,508.9	537.1	—	32.3	—	(2,078.3)	—
Payment of financing costs and debt premiums . . . . .	(30.9)	(16.6)	—	(0.6)	—	(16.2)	(64.3)
Net cash received related to derivative instruments . . . . .	343.2	—	—	21.1	—	—	364.3
Capital contribution from parent . . . . .	3,278.0	—	—	—	—	—	3,278.0
Release of restricted cash from escrow . . . . .	—	586.0	—	—	—	1,727.6	2,313.6
Other financing activities, net . . . . .	(0.1)	—	—	—	—	(0.9)	(1.0)
Net cash provided (used) by financing activities . . . . .	446.8	(10.3)	—	52.8	—	1,462.6	1,951.9
Effect of exchange rates on cash and cash equivalents . . . . .	3.2	(1.5)	—	0.5	—	(7.7)	(5.5)
Net increase (decrease) in cash and cash equivalents . . . . .	285.9	(24.2)	0.1	(23.9)	—	(450.6)	(212.7)
Cash and cash equivalents:							
Beginning of period . . . . .	27.4	24.3	0.1	24.2	—	480.7	556.7
End of period . . . . .	£ 313.3	£ 0.1	£ 0.2	£ 0.3	£ —	£ 30.1	£ 344.0

(a) As retrospectively revised — see note 4.



**VIRGIN MEDIA INC.**  
**(See note 1)**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2015, 2014 and 2013**

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 third-party 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

**(20) Condensed Consolidating Financial Information — Senior Secured Notes**

We present the following condensed consolidating financial information as of December 31, 2015 and December 31, 2014 and for the year ended December 31, 2015, the year ended December 31, 2014, the period from June 8 to December 31, 2013 and the period from January 1 to June 7, 2013 as required by the applicable underlying indentures.

As of December 31, 2015, Virgin Media Secured Finance is the issuer of the following senior secured notes:

- £628.4 million aggregate principal amount of January 2021 VM Sterling Senior Secured Notes;
- \$447.9 million (£304.0 million) aggregate principal amount of January 2021 VM Dollar Senior Secured Notes;
- £990.0 million aggregate principal amount of April 2021 VM Sterling Senior Secured Notes;
- \$900.0 million (£610.8 million) aggregate principal amount of April 2021 VM Dollar Senior Secured Notes;
- £387.0 million aggregate principal amount of 2025 VM 5.5% Sterling Senior Secured Notes;

**VIRGIN MEDIA INC.**  
**(See note 1)**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2015, 2014 and 2013**

- £300.0 million aggregate principal amount of 2025 VM 5.125% Sterling Senior Secured Notes;
- \$425.0 million (£288.5 million) aggregate principal amount of 2025 VM Dollar Senior Secured Notes;
- \$1.0 billion (£678.7 million) aggregate principal amount of 2026 VM Senior Secured Notes;
- £525.0 million aggregate principal amount of 2027 VM Senior Secured Notes; and
- £400.0 million aggregate principal amount of 2029 VM 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 (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, 2015, 2014 and 2013**

	Successor					
	December 31, 2015					
	Virgin Media	Virgin Media Secured Finance	Guarantors	Non-Guarantors	Eliminations	Total
Balance sheets						
	in millions					
ASSETS						
Current assets:						
Cash and cash equivalents . . .	£ —	£ 0.1	£ 15.9	£ 4.2	£ —	£ 20.2
Related-party note and other receivables . . . . .	—	—	6.7	38.7	—	45.4
Other current assets:						
Third-party . . . . .	23.5	—	513.4	94.1	—	631.0
Intercompany and related-party . . . . .	—	5.7	4.0	—	(8.2)	1.5
Total current assets . . . .	23.5	5.8	540.0	137.0	(8.2)	698.1
Property and equipment, net . . .	—	—	4,610.7	1,250.5	—	5,861.2
Goodwill . . . . .	—	—	5,793.7	172.9	—	5,966.6
Intangible assets subject to amortization, net . . . . .	—	—	1,443.9	160.2	—	1,604.1
Investments in, and loans to, parent and subsidiary companies . . . . .	7,597.5	5,260.9	(4,123.1)	5,798.1	(14,533.4)	—
Deferred income taxes . . . . .	—	—	1,430.7	—	—	1,430.7
Related-party notes receivable . . . . .	13.2	—	—	3,371.9	—	3,385.1
Other assets, net:						
Third-party . . . . .	—	32.7	461.4	42.5	—	536.6
Intercompany . . . . .	—	64.7	20.8	—	(85.5)	—
Total assets . . . . .	£ 7,634.2	£ 5,364.1	£ 10,178.1	£ 10,933.1	£ (14,627.1)	£ 19,482.4
LIABILITIES AND OWNERS' EQUITY						
Current liabilities:						
Intercompany and related-party payables . . . . .	£ 8.0	£ —	£ 240.3	£ 229.6	£ (469.3)	£ 8.6
Other current liabilities:						
Third-party . . . . .	111.7	124.0	1,976.9	81.3	—	2,293.9
Intercompany and related-party . . . . .	6.9	0.1	18.9	8.4	(8.2)	26.1
Total current liabilities . . . . .	126.6	124.1	2,236.1	319.3	(477.5)	2,328.6
Long-term debt and capital lease obligations:						
Third-party . . . . .	—	5,132.4	4,309.2	—	—	9,441.6
Related-party . . . . .	—	—	—	72.0	—	72.0
Other long-term liabilities:						
Third-party . . . . .	—	—	157.5	23.3	—	180.8
Intercompany . . . . .	—	—	85.5	—	(85.5)	—
Total liabilities . . . . .	126.6	5,256.5	6,788.3	414.6	(563.0)	12,023.0
Total parent's equity . . . .	7,507.6	107.6	3,389.8	10,566.7	(14,064.1)	7,507.6
Noncontrolling interest . . . . .	—	—	—	(48.2)	—	(48.2)
Total owners' equity . . . .	7,507.6	107.6	3,389.8	10,518.5	(14,064.1)	7,459.4
Total liabilities and owners' equity . . . . .						
	£ 7,634.2	£ 5,364.1	£ 10,178.1	£ 10,933.1	£ (14,627.1)	£ 19,482.4

**VIRGIN MEDIA INC.**  
(See note 1)  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2015, 2014 and 2013**

	Successor					
	December 31, 2014 (a)					
	Virgin Media	Virgin Media Secured Finance	Guarantors	Non-Guarantors	Eliminations	Total
Balance sheets	in millions					
ASSETS						
Current assets:						
Cash and cash equivalents . . .	£ 0.5	£ 5.4	£ 7.5	£ 23.2	£ —	£ 36.6
Related-party note and other receivables . . . . .	0.4	—	14.4	730.5	—	745.3
Other current assets:						
Third-party . . . . .	—	—	544.1	26.9	—	571.0
Intercompany and related-party . . . . .	—	2.6	2.7	—	(4.0)	1.3
Total current assets . . . .	0.9	8.0	568.7	780.6	(4.0)	1,354.2
Property and equipment, net . . .	—	—	4,816.0	1,258.8	—	6,074.8
Goodwill . . . . .	—	—	5,793.7	140.0	—	5,933.7
Intangible assets subject to amortization, net . . . . .	—	—	1,837.4	116.2	—	1,953.6
Investments in, and loans to, parent and subsidiary companies . . . . .	8,529.2	3,950.4	(4,141.4)	7,532.8	(15,871.0)	—
Deferred income taxes . . . . .	—	—	1,506.2	—	—	1,506.2
Related-party notes receivable . . . . .	25.0	—	—	2,297.3	—	2,322.3
Other assets, net:						
Third-party . . . . .	58.3	33.0	184.4	6.1	—	281.8
Intercompany . . . . .	—	4.2	21.0	—	(25.2)	—
Total assets . . . . .	£ 8,613.4	£ 3,995.6	£ 10,586.0	£ 12,131.8	£ (15,900.2)	£ 19,426.6
LIABILITIES AND OWNERS' EQUITY						
Current liabilities:						
Intercompany and related-party payables . . . . .	£ —	£ —	£ 264.0	£ 531.6	£ (787.7)	£ 7.9
Other current liabilities:						
Third-party . . . . .	116.3	91.9	1,540.1	67.7	—	1,816.0
Intercompany and related-party . . . . .	13.7	0.2	12.1	7.1	(4.0)	29.1
Total current liabilities . . .	130.0	92.1	1,816.2	606.4	(791.7)	1,853.0
Long-term debt and capital lease obligations:						
Third-party . . . . .	—	3,779.7	4,569.1	0.3	—	8,349.1
Related-party . . . . .	—	—	—	439.0	—	439.0
Other long-term liabilities:						
Third-party . . . . .	—	—	267.9	33.5	—	301.4
Intercompany and related-party . . . . .	—	13.8	11.4	50.1	(25.2)	50.1
Total liabilities . . . . .	130.0	3,885.6	6,664.6	1,129.3	(816.9)	10,992.6
Total parent's equity . . . .	8,483.4	110.0	3,921.4	11,051.9	(15,083.3)	8,483.4
Noncontrolling interest . . . . .	—	—	—	(49.4)	—	(49.4)
Total owners' equity . . . .	8,483.4	110.0	3,921.4	11,002.5	(15,083.3)	8,434.0
Total liabilities and owners' equity . . . . .	£ 8,613.4	£ 3,995.6	£ 10,586.0	£ 12,131.8	£ (15,900.2)	£ 19,426.6

(a) As retrospectively revised — see note 4.

**VIRGIN MEDIA INC.**  
**(See note 1)**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2015, 2014 and 2013**

Statements of operations	Successor					
	Year ended December 31, 2015					
	Virgin Media	Virgin Media Secured Finance	Guarantors	Non-Guarantors	Eliminations	Total
	in millions					
Revenue .....	£ —	£ —	£ 3,912.3	£ 706.1	£ —	£ 4,618.4
Operating costs and expenses:						
Operating (other than depreciation and amortization) .....	—	—	1,713.1	262.2	—	1,975.3
SG&A (including share-based compensation) .....	4.2	—	520.6	84.5	—	609.3
Related-party fees and allocations, net .....	—	—	52.4	35.2	—	87.6
Depreciation and amortization ..	—	—	1,298.5	259.3	—	1,557.8
Impairment, restructuring and other operating items, net ....	—	—	(1.2)	12.1	—	10.9
	4.2	—	3,583.4	653.3	—	4,240.9
Operating income (loss) .....	(4.2)	—	328.9	52.8	—	377.5
Non-operating income (expense):						
Interest expense:						
Third-party .....	(4.5)	(265.5)	(240.5)	—	—	(510.5)
Related-party and intercompany .....	(7.9)	—	(1,001.4)	(886.4)	1,890.0	(5.7)
Interest income – related-party and intercompany .....	6.3	308.4	905.1	916.7	(1,890.0)	246.5
Realized and unrealized gains (losses) on derivative instruments, net:						
Third-party .....	10.3	—	249.5	—	—	259.8
Related-party .....	—	72.5	(79.2)	—	—	(6.7)
Foreign currency transaction losses, net .....	(0.1)	(52.9)	(196.2)	(22.6)	—	(271.8)
Loss on debt modification and extinguishment, net .....	—	(9.4)	(20.0)	—	—	(29.4)
Other expense, net .....	—	—	(0.1)	(0.3)	—	(0.4)
	4.1	53.1	(382.8)	7.4	—	(318.2)
Earnings (loss) before income taxes .....	(0.1)	53.1	(53.9)	60.2	—	59.3
Income tax expense .....	(1.8)	—	(199.2)	(0.2)	—	(201.2)
Earnings (loss) after income taxes .....	(1.9)	53.1	(253.1)	60.0	—	(141.9)
Equity in net earnings (loss) of subsidiaries .....	(134.5)	—	113.9	(200.0)	220.6	—
Net earnings (loss) .....	(136.4)	53.1	(139.2)	(140.0)	220.6	(141.9)
Net loss attributable to noncontrolling interest .....	—	—	—	5.5	—	5.5
Net earnings (loss) attributable to parent .....	£ (136.4)	£ 53.1	£ (139.2)	£ (134.5)	£ 220.6	£ (136.4)
Total comprehensive earnings (loss) .....	£ (94.5)	£ 53.1	£ (117.4)	£ (71.6)	£ 134.9	£ (95.5)
Comprehensive loss attributable to noncontrolling interest .....	—	—	—	1.0	—	1.0
Comprehensive earnings (loss) attributable to parent .....	£ (94.5)	£ 53.1	£ (117.4)	£ (70.6)	£ 134.9	£ (94.5)

**VIRGIN MEDIA INC.**  
(See note 1)  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2015, 2014 and 2013**

	Successor						
	Year ended December 31, 2014 (a)						
	Virgin Media	Virgin Media Secured Finance	Guarantors	Non-Guarantors	Eliminations	Total	
Statements of operations							
	in millions						
Revenue . . . . .	£ —	£ —	£ 3,958.6	£ 538.3	£ —	£ 4,496.9	
Operating costs and expenses:							
Operating (other than depreciation and amortization) . . . . .	—	—	1,747.4	208.7	—	1,956.1	
SG&A (including share-based compensation) . . . . .	3.6	—	542.1	63.6	—	609.3	
Related-party fees and allocations, net . . . . .	—	—	4.9	31.7	—	36.6	
Depreciation and amortization . . . . .	—	—	1,393.9	214.2	—	1,608.1	
Impairment, restructuring and other operating items, net . . . . .	—	—	11.1	1.6	—	12.7	
	3.6	—	3,699.4	519.8	—	4,222.8	
Operating income (loss) . . . .	(3.6)	—	259.2	18.5	—	274.1	
Non-operating income (expense):							
Interest expense:							
Third-party . . . . .	(10.5)	(224.3)	(222.3)	—	—	(457.1)	
Related-party and intercompany . . . . .	(186.8)	—	(669.8)	(833.7)	1,638.3	(52.0)	
Interest income — related-party and intercompany . . . .	25.3	278.8	806.4	757.5	(1,638.3)	229.7	
Realized and unrealized gains (losses) on derivative instruments, net:							
Third-party . . . . .	(8.8)	—	59.3	—	—	50.5	
Related-party . . . . .	—	25.9	(27.8)	—	—	(1.9)	
Foreign currency transaction gains (losses), net . . . . .	(30.9)	(56.5)	51.3	(54.1)	(61.8)	(152.0)	
Gain on debt modification and extinguishment, net . . . . .	—	4.3	15.8	—	—	20.1	
Other income, net . . . . .	0.3	0.1	0.3	0.7	—	1.4	
	(211.4)	28.3	13.2	(129.6)	(61.8)	(361.3)	
Earnings (loss) before income taxes . . . . .	(215.0)	28.3	272.4	(111.1)	(61.8)	(87.2)	
Income tax benefit (expense) . . . .	(1.7)	—	(19.8)	0.1	—	(21.4)	
Earnings (loss) after income taxes . . . . .	(216.7)	28.3	252.6	(111.0)	(61.8)	(108.6)	
Equity in net earnings (loss) of subsidiaries . . . . .	107.5	—	(136.0)	219.1	(190.6)	—	
Net earnings (loss) . . . . .	(109.2)	28.3	116.6	108.1	(252.4)	(108.6)	
Net earnings attributable to noncontrolling interest . . . . .	—	—	—	(0.6)	—	(0.6)	
Net earnings (loss) attributable to parent . . . .	£ (109.2)	£ 28.3	£ 116.6	£ 107.5	£ (252.4)	£ (109.2)	
Total comprehensive earnings (loss) . . . . .	£ (205.2)	£ 28.3	£ 129.3	£ 122.3	£ (278.5)	£ (203.8)	
Comprehensive earnings attributable to noncontrolling interest . . . . .	—	—	—	(1.4)	—	(1.4)	
Comprehensive earnings (loss) attributable to parent . . . . .	£ (205.2)	£ 28.3	£ 129.3	£ 120.9	£ (278.5)	£ (205.2)	

(a) As retrospectively revised — see note 4.



**VIRGIN MEDIA INC.**  
**(See note 1)**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2015, 2014 and 2013**

Statements of operations	Successor					
	Period from June 8 to December 31, 2013 (a)					
	Virgin Media	Virgin Media Secured Finance	Guarantors	Non-Guarantors	Eliminations	Total
	in millions					
Revenue .....	£ —	£ —	£ 2,167.3	£ 316.0	£ —	£ 2,483.3
Operating costs and expenses:						
Operating (other than depreciation and amortization) .....	—	—	991.0	138.4	—	1,129.4
SG&A (including share-based compensation) .....	1.6	—	350.9	37.2	—	389.7
Related-party fees and allocations, net .....	—	—	3.1	18.0	—	21.1
Depreciation and amortization ...	—	—	813.1	128.4	—	941.5
Impairment, restructuring and other operating items, net ....	0.6	—	30.8	5.8	—	37.2
	2.2	—	2,188.9	327.8	—	2,518.9
Operating loss .....	(2.2)	—	(21.6)	(11.8)	—	(35.6)
Non-operating income (expense):						
Interest expense:						
Third-party .....	(9.1)	(133.7)	(120.8)	—	—	(263.6)
Related-party and intercompany .....	(99.3)	—	(410.7)	(426.8)	898.5	(38.3)
Interest income — related-party and intercompany .....	0.2	170.9	435.4	399.0	(898.5)	107.0
Realized and unrealized gains (losses) on derivative instruments, net:						
Third-party .....	27.0	—	(230.7)	—	—	(203.7)
Related-party .....	—	(29.6)	29.9	—	—	0.3
Foreign currency transaction gains, net .....	27.0	34.4	48.6	10.1	22.6	142.7
Gains (losses) on debt modification and extinguishment, net .....	—	1.0	(0.4)	—	—	0.6
Other income, net .....	0.2	—	0.2	—	—	0.4
	(54.0)	43.0	(248.5)	(17.7)	22.6	(254.6)
Earnings (loss) before income taxes .....	(56.2)	43.0	(270.1)	(29.5)	22.6	(290.2)
Income tax expense .....	—	—	(197.5)	—	—	(197.5)
Earnings (loss) after income taxes .....	(56.2)	43.0	(467.6)	(29.5)	22.6	(487.7)
Equity in net earnings (loss) of subsidiaries .....	(431.6)	—	107.0	(401.9)	726.5	—
Net earnings (loss) .....	(487.8)	43.0	(360.6)	(431.4)	749.1	(487.7)
Net earnings attributable to noncontrolling interest .....	—	—	—	(0.1)	—	(0.1)
Net earnings (loss) attributable to parent .....	£ (487.8)	£ 43.0	£ (360.6)	£(431.5)	£ 749.1	£ (487.8)
Total comprehensive earnings (loss) .....	£ (342.8)	£ 43.0	£ (375.0)	£(433.8)	£ 772.3	£ (336.3)
Comprehensive earnings attributable to noncontrolling interest .....	—	—	—	(2.2)	—	(2.2)
Comprehensive earnings (loss) attributable to parent .....	£ (342.8)	£ 43.0	£ (375.0)	£(436.0)	£ 772.3	£ (338.5)

(a) As retrospectively revised — see note 4.

**VIRGIN MEDIA INC.**  
(See note 1)  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2015, 2014 and 2013**

Statements of operations	Predecessor					
	Period from January 1 to June 7, 2013					
	Old Virgin Media	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) .....	—	—	817.9	38.5	—	856.4
SG&A (including share-based compensation) .....	8.4	—	219.3	17.4	—	245.1
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 .....	(26.4)	(71.6)	(58.7)	—	—	(156.7)
Intercompany .....	(29.5)	—	(283.2)	(155.6)	468.3	—
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)
Loss on debt modification and extinguishment, net .....	(0.1)	—	—	—	—	(0.1)
Other income, net .....	—	—	0.4	—	—	0.4
	(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 Consolidated Financial Statements — (Continued)**  
**December 31, 2015, 2014 and 2013**

Statements of cash flows	Successor				
	Year ended December 31, 2015				
	Virgin Media	Virgin Media Secured Finance	Guarantors	Non-Guarantors	Total
			in millions		
Cash flows from operating activities:					
Net cash provided (used) by operating activities .....	£ (2.9)	£ 24.5	£ 1,402.3	£ 202.4	£ 1,626.3
Cash flows from investing activities:					
Cash paid in connection with the VM					
Ireland Acquisition .....	—	—	—	(993.8)	(993.8)
Advances to related parties, net .....	(445.7)	—	—	(441.8)	(887.5)
Capital expenditures .....	—	—	(491.5)	(88.7)	(580.2)
Cash paid in connection with the TV3					
Acquisition, net of cash acquired .....	—	—	—	(57.2)	(57.2)
Other investing activities, net .....	—	—	10.3	0.2	10.5
Net cash used by investing activities ..	(445.7)	—	(481.2)	(1,581.3)	(2,508.2)
Cash flows from financing activities:					
Borrowings of third-party debt .....	—	1,491.2	2,096.0	—	3,587.2
Repayments and repurchases of third-party debt and capital lease obligations .....	—	(220.4)	(2,545.7)	—	(2,766.1)
Net borrowings of related-party notes .....	—	—	—	69.6	69.6
Contributions (distributions) .....	445.7	(1,278.3)	(480.8)	1,313.4	—
Payment of financing costs and debt premiums .....	—	(13.9)	(14.8)	—	(28.7)
Net cash paid related to derivative instruments .....	—	(8.4)	(9.5)	—	(17.9)
Other financing activities, net .....	—	—	42.1	(23.1)	19.0
Net cash provided (used) by financing activities .....	445.7	(29.8)	(912.7)	1,359.9	863.1
Effect of exchange rates on cash and cash equivalents .....	2.4	—	—	—	2.4
Net increase (decrease) in cash and cash equivalents .....	(0.5)	(5.3)	8.4	(19.0)	(16.4)
Cash and cash equivalents:					
Beginning of period .....	0.5	5.4	7.5	23.2	36.6
End of period .....	£ —	£ 0.1	£ 15.9	£ 4.2	£ 20.2

**VIRGIN MEDIA INC.**  
**(See note 1)**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2015, 2014 and 2013**

Statements of cash flows	Successor				
	Year ended December 31, 2014 (a)				
	Virgin Media	Virgin Media Secured Finance	Guarantors	Non-Guarantors	Total
			in millions		
Cash flows from operating activities:					
Net cash provided (used) by operating activities . . . . .	£ (153.3)	£ 54.4	£ 1,583.8	£ 197.5	£ 1,682.4
Cash flows from investing activities:					
Advances to related parties, net . . . . .	(317.6)	—	—	(688.0)	(1,005.6)
Capital expenditures . . . . .	—	—	(567.4)	(83.4)	(650.8)
Other investing activities, net . . . . .	—	—	(6.9)	(3.2)	(10.1)
Net cash used by investing activities . . . . .	(317.6)	—	(574.3)	(774.6)	(1,666.5)
Cash flows from financing activities:					
Borrowings of third-party debt . . . . .	—	1,088.9	1,057.5	—	2,146.4
Repayments and repurchases of third-party debt and capital lease obligations . . . . .	—	(1,467.7)	(818.4)	(0.1)	(2,286.2)
Net repayments of related-party notes . . . . .	—	—	—	(64.7)	(64.7)
Contributions (distributions) . . . . .	159.2	383.2	(1,198.9)	656.5	—
Payment of financing costs and debt premiums . . . . .	—	(53.5)	(35.8)	—	(89.3)
Net cash received (paid) related to derivative instruments . . . . .	0.8	—	(27.9)	—	(27.1)
Other financing activities, net . . . . .	—	—	—	(0.5)	(0.5)
Net cash provided (used) by financing activities . . . . .	160.0	(49.1)	(1,023.5)	591.2	(321.4)
Effect of exchange rates on cash and cash equivalents . . . . .	(1.9)	—	—	—	(1.9)
Net increase (decrease) in cash and cash equivalents . . . . .	(312.8)	5.3	(14.0)	14.1	(307.4)
Cash and cash equivalents:					
Beginning of period . . . . .	313.3	0.1	21.4	9.2	344.0
End of period . . . . .	£ 0.5	£ 5.4	£ 7.4	£ 23.3	£ 36.6

(a) As retrospectively revised — see note 4.

**VIRGIN MEDIA INC.**  
**(See note 1)**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2015, 2014 and 2013**

Statements of cash flows	Successor				
	Period from June 8 to December 31, 2013 (a)				
	Virgin Media	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	£ 141.9	£ 643.4
Cash flows from investing activities:					
Advances to related parties, net . . . . .	(65.7)	—	—	(2,290.6)	(2,356.3)
Capital expenditures . . . . .	—	—	(393.0)	(55.1)	(448.1)
Other investing activities, net . . . . .	—	—	1.8	0.1	1.9
Net cash used by investing activities . . . . .	(65.7)	—	(391.2)	(2,345.6)	(2,802.5)
Cash flows from financing activities:					
Borrowings of third-party debt . . . . .	—	—	1,983.4	—	1,983.4
Repayments and repurchases of third-party debt and capital lease obligations . . . . .	(2,832.7)	(56.0)	(1,162.1)	(0.1)	(4,050.9)
Net repayments of related-party notes . . . . .	(1,819.6)	—	—	(51.6)	(1,871.2)
Contributions (distributions) . . . . .	1,508.9	(1,707.7)	(2,064.6)	2,263.4	—
Payment of financing costs and debt premiums . . . . .	(30.9)	(16.2)	(17.2)	—	(64.3)
Net cash received related to derivative instruments . . . . .	343.2	—	21.1	—	364.3
Capital contribution from parent . . . . .	3,278.0	—	—	—	3,278.0
Release of restricted cash from escrow . . . . .	—	1,727.6	586.0	—	2,313.6
Other financing activities, net . . . . .	(0.1)	—	—	(0.9)	(1.0)
Net cash provided (used) by financing activities . . . . .	446.8	(52.3)	(653.4)	2,210.8	1,951.9
Effect of exchange rates on cash and cash equivalents . . . . .	3.2	(3.7)	0.3	(5.3)	(5.5)
Net increase (decrease) in cash and cash equivalents . . . . .	285.9	(62.1)	(438.3)	1.8	(212.7)
Cash and cash equivalents:					
Beginning of period . . . . .	27.4	62.2	459.7	7.4	556.7
End of period . . . . .	£ 313.3	£ 0.1	£ 21.4	£ 9.2	£ 344.0

(a) As retrospectively revised — see note 4.

**VIRGIN MEDIA INC.**  
**(See note 1)**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2015, 2014 and 2013**

Statements of cash flows	Predecessor				
	Period from January 1 to June 7, 2013				
	Old Virgin Media	Virgin Media Secured Finance	Guarantors  in millions	Non- Guarantors	Total
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 third-party 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



**ANNEX A: NEW VM FACILITIES AGREEMENT**

**Dated 2016**

**VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED**

**as Borrower**

**THE ENTITIES LISTED IN SCHEDULE 1**

**as Original Guarantors**

**and**

**VIRGIN MEDIA RECEIVABLES FINANCING NOTES I DESIGNATED ACTIVITY COMPANY**

**as Lender**

**with**

**THE BANK OF NEW YORK MELLON, LONDON BRANCH**

**acting as Administrator**

**£352,000,000**

**FACILITIES AGREEMENT**

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THIS AGREEMENT is dated 2016 and made BETWEEN:

- (1) **VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED**, a private limited liability company incorporated under the laws of England and Wales with registration number 03173552 (the **Borrower**);
- (2) **THE ENTITIES** listed in Schedule 1 (*The Original Guarantors*) as original guarantors (the **Original Guarantors**);
- (3) **VIRGIN MEDIA RECEIVABLES FINANCING NOTES I DESIGNATED ACTIVITY COMPANY**, a designated activity company incorporated under the laws of Ireland with registration number 577958 and whose registered office is at 3rd Floor, Kilmore House, Park Lane, Spencer Dock, Dublin I, Ireland as lender (the **Lender**); and
- (4) **THE BANK OF NEW YORK MELLON, LONDON BRANCH**, acting as administrator for the Lender (the **Administrator**).

IT IS AGREED as follows:

## 1. DEFINITIONS AND INTERPRETATION

### 1.1 Definitions

In this Agreement:

**Accelerated Maturity Event** has the meaning given to it in Condition 6(g).

**Account Bank** means The Bank of New York Mellon, London Branch.

**Accounts Payable Management Services Agreement** or **APMSA** means (i) the Existing APMSA, and (ii) following an SCF Platform Addition, the Existing APMSA and any accounts payable management services agreement (or equivalent) to be entered into between, *inter alios*, the Platform Provider and the Borrower as obligors' parent, in each case of (i) and (ii), as amended, amended and restated, supplemented (including, without limitation, pursuant to an APMSA Deed of Confirmation), replaced (including pursuant to an SCF Platform Replacement), or otherwise modified from time to time.

**Act** means the Companies Act 2006.

**Additional Guarantor** means a company which becomes a Guarantor in accordance with Clause 18 (*Changes to the Obligors*).

**Additional Notes** means any further Receivable Financing Notes issued at any time after the Issue Date under and in accordance with the Notes Trust Deed.

**Additional Notes Issue Date** means the date of issuance of the relevant Additional Notes.

**Affiliate** has the meaning given to it in Schedule 7 (*Additional Definitions*).

**Agency and Account Bank Agreement** has the meaning given to it in the Notes Trust Deed.

**APMSA Deed of Confirmation** means any deed, agreement or other instrument executed by the Receivables Obligor to provide a Payment Obligation in respect of any Receivable uploaded to the SCF Platform prior to September , 2016, as a supplement to the APMSA.

**Applied Discount** means (i) in the context of the APMSA, the discount amount that the Platform Provider will deduct from the Certified Amount in case of a transfer of the Payment Obligation prior to the Confirmed Payment Date pursuant to the terms of the APMSA and each relevant Discounted Payments Purchase Agreement and (ii) in the context of the Framework Assignment Agreement, the discount amount that the Platform Provider will deduct from the Certified Amount in the case of a transfer of the Payment Obligation prior to the Confirmed Payment Date pursuant to the terms of the APMSA and each relevant Discounted Payments Purchase Agreement, *less* the Platform Provider Processing Fee.

**Approved Exchange Offer** has the meaning given to it in Condition 1(a).

**Assigned Receivable** means, at any time of determination, any VM Account Receivable in respect of which there has been an assignment of such VM Account Receivable from the Platform Provider to the Lender pursuant to the terms of the Framework Assignment Agreement and the relevant Assignment Framework Note.

**Assignment Date** means the date of a sale and assignment of any VM Account Receivable from the Platform Provider to the Lender.

**Assignment Framework Note** means an assignment framework note in the form set out in Schedule 1 (*Form of Assignment Framework Note*) to the Framework Assignment Agreement.

**Assignment Notice** means an assignment notice substantially in the form set out in Schedule 2 (*Form of Assignment Notice*) to the Framework Assignment Agreement, or any other notice as agreed between the relevant parties.

**Authorisation** means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration.

**Availability Period** means:

- (a) in relation to the Excess Cash Facility, the period from and including the date of this Agreement to and including the date falling one Business Day or such shorter period as may be agreed by the Borrower and the Lender prior to the Termination Date;
- (b) in relation to the Interest Facility, the period from and including the date of this Agreement to and including the date falling one Business Day or such shorter period as may be agreed by the Borrower and the Lender prior to the Termination Date; and
- (c) in relation to the Issue Date Facility, the period from and including the date of this Agreement to and including the date falling one Business Day or such shorter period as may be agreed by the Borrower and the Lender prior to the Termination Date.

**Bank Levy** means the bank levy which is imposed (i) under section 73 of, and schedule 19 to, the Finance Act 2011 (the “**UK Bank Levy**”), and (ii) any levy or Tax of an equivalent nature imposed in any jurisdiction in a similar context or for a similar reason to that in and/or for which the UK Bank Levy has been imposed by reference to the equity and liability of a financial institution or other person carrying out financial transactions.

**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, Dublin, Ireland or London, England are authorised or required by law to close.

**Capped Amount** means an amount, calculated by the Administrator, that is the maximum amount that can be paid as a Term Excess Arrangement Payment on a Coupon Payment Date such that the aggregate principal amount of the outstanding Interest Facility Loans following such payment on that Coupon Payment Date, when taken together with:

- (a) the Premium due to be paid on existing Assigned Receivables in the period commencing on the day after that Coupon Payment Date and ending on (and including) the next Coupon Payment Date;
- (b) the remaining Retained Amount Interest due to be paid on any outstanding Retained Amounts (if any, and as determined in accordance with the Agency and Account Bank Agreement);
- (c) to the extent a Drawstop Event has occurred and is continuing, the Drawstopped Amounts in the Lender Interest Proceeds Account,

is not less than the interest due and payable on the Notes on the next Coupon Payment Date.

**Certified Amount** means, with respect to a Payment Obligation, the Outstanding Amount of such Payment Obligation on the earliest to occur of (i) the date of the Initial Transfer, and (ii) the date falling three Business Days prior to the Confirmed Payment Date of that Payment Obligation.

**Change of Control** has the meaning given to it in Schedule 7 (*Additional Definitions*).

**Change of Control Acceptance** has the meaning given to it in Clause 7.3 (*Change of Control Prepayment Offer*).

**Change of Control Fee** means the fee payable in accordance with Clause 11.5 (*Change of Control Fee*).

**Change of Control Prepayment Date** has the meaning given to it in Clause 7.3 (*Change of Control Prepayment Offer*).

**Change of Control Prepayment Loan Amount** has the meaning given to it in Clause 7.3 (*Change of Control Prepayment Offer*).

**Change of Control Prepayment Offer** has the meaning given to it in Clause 7.3 (*Change of Control Prepayment Offer*).

**Code** means the US Internal Revenue Code of 1986.

**Collected Amount** means, in relation to an Assigned Receivable, an amount received by the Platform Provider (acting as collection agent for the Lender under the Framework Assignment Agreement) from the relevant Receivables Obligor towards repayment of an amount equal to the Outstanding Amount relating to such Assigned Receivable.

**Commitment** means an Excess Cash Facility Commitment, an Interest Facility Commitment and/or an Issue Date Facility Commitment, as applicable.

**Common Holding Company** has the meaning specified in Clause 18.2 (*Permitted Affiliate Designation*).

**Condition** has the meaning given to it in the Notes Trust Deed.

**Confirmed Payment Date** means, with respect to a Payment Obligation, the date (which cannot be changed) specified as the date of payment in the Electronic Data File in respect of the Receivable that was designated as “approved” which led to that Payment Obligation arising.

**Constitutional Documents** means in respect of any person, memorandum and articles of association, partnership agreement or other document pursuant to which it is incorporated or organised.

**Coupon Payment Date** means each 15 March and 15 September of each year commencing on 15 March 2017 or, if any such day is not a Business Day, on the next succeeding Business Day.

**Credit Note** means an amount to be deducted from a Receivable that has been the subject of an Upload and designated as “approved” by an Obligor which is posted by an Obligor as an entry in an Electronic Data File to the SCF Platform Website and has been allocated to a corresponding Payment Obligation.

**Default** means an Event of Default or any event or circumstance specified in Clause 16 (*Events of Default*) which would (with the expiry of a grace period or the giving of notice) be an Event of Default.

**Deferred Term Excess Arrangement Payment** means the amount of any excess above the Capped Amount, as calculated by the Administrator in the calculation of the Term Excess Arrangement Payment for a Coupon Payment Date.

**Delayed Aggregate Amounts** means any Requested Purchase Price Amounts held by the Platform Provider and not applied towards the purchase of VM Accounts Receivable exceeding £50,000,000 and which have not been repaid to the Lender in accordance with the timeframe set out in the Framework Assignment Agreement.

**Discounted Payments Purchase Agreements** means the agreements entered into, from time to time, each between the Platform Provider and the Supplier named therein, as may be amended, amended and restated, supplemented, replaced (including pursuant to an SCF Platform Replacement) or otherwise modified from time to time (including pursuant to an SCF Platform Addition).

**Disputes** has the meaning given to such term in Clause 31.1 (*Courts*).

**Drawstopped Amount** means any amount which is standing to the credit of the Lender Principal Proceeds Account and/or Lender Interest Proceeds Account, as applicable, following the occurrence of a Drawstop Event which is continuing (which would have otherwise been advanced to the Borrower as an Excess Cash Loan and/or Interest Facility Loan, respectively, pursuant to the terms of this Agreement and the Agency and Account Bank Agreement, had such Drawstop Event not occurred and been continuing).

**Drawstop Event** means the delivery of a Drawstop Notice by the Borrower to the Administrator (on behalf of the Lender) in accordance with Clause 8.5 (*Drawstop Notices*).

**Drawstop Notice** has the meaning given to it in Clause 8.5 (*Drawstop Notices*).

**Electronic Data File** means an electronic file substantially in the form set out in Schedule 4 to the Accounts Payable Management Services Agreement.

**euro or €** means the lawful currency of the Participating Member States.

**Event of Default** means any event or circumstance specified as such in Clause 16 (*Events of Default*).

**Excess Cash Facility** means the facility made available under this Agreement as described in Clause 2.1 (*The Excess Cash Facility*).

**Excess Cash Facility Commitment** means the aggregate of (i) £334.3 million and (ii) the amount of any other Excess Cash Facility Commitment assumed by the Lender in accordance with Clause 2.4 (*Increase*) to the extent not cancelled, reduced or assigned by it under this Agreement.



**Excess Cash Loan** means a loan made or to be made under the Excess Cash Facility or the principal amount outstanding for the time being of that loan.

**Excess Requested Purchase Price Amounts** means any excess Requested Purchase Price Amounts which have not been applied towards the purchase of new VM Accounts Receivable on the date falling five Business Days following receipt by the Lender (or the Administrator on behalf of the Lender) of the relevant Assignment Notice.

**Excluded Buyer** means Virgin Ireland Ltd., a private company limited by shares incorporated under the laws of Ireland with registered number 435668 whose registered office is at Building P2, Eastpoint Business Park, Clontarf, Dublin 3, Ireland as the “Excluded Buyer” pursuant to and in accordance with the Framework Assignment Agreement.

**Existing APMSA** means the amended and restated accounts payable management services agreement dated , 2016 between, *inter alios*, the Platform Provider and the Borrower as obligors’ parent.

**Expenses Agreement** means the expenses agreement to be entered into on the Issue Date between the Borrower and the Lender.

**Facility** means the Excess Cash Facility, the Interest Facility and/or the Issue Date Facility, as the context may require.

**Facility Office** means the office or offices through which the Lender will perform its obligations under this Agreement.

**FATCA** means:

- (a) sections 1471 to 1474 of the Code or any associated regulations;
- (b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or
- (c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (a) or (b) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction.

**FATCA Deduction** means a deduction or withholding from a payment under a Finance Document required by FATCA.

**FATCA Exempt Party** means a Party that is entitled to receive payments free from any FATCA Deduction.

**Fee Letter** means:

- (a) any letter or letters between the Administrator and the Borrower setting out any of the fees referred to in Clause 11 (*Fees*); and
- (b) any agreement setting out fees payable to a Finance Party under any other Finance Document.

**Final Available Amount** means the sum of:

- (a) all Collected Amounts in respect of the Assigned Receivables due to be repaid or prepaid to the Lender on or before the day that is two Business Days prior to the final Coupon Payment Date, being the Notes Maturity Date or the date of early redemption of the Notes in accordance with the Conditions;
- (b) any other amounts (including any accrued interest) due to be paid by the Platform Provider to the Lender pursuant to the Framework Assignment Agreement by the cut-off time specified in the Agency and Account Bank Agreement;
- (c) the principal amount of, and interest due and payable to the Lender on, all of the Loans on the final Coupon Payment Date, being the Notes Maturity Date or the date of early redemption of the Notes in accordance with the Conditions; and
- (d) all other amounts standing to the credit of each of the Lender Interest Proceeds Account and the Lender Principal Proceeds Account (to the extent not included in the above).

**Finance Document** means this Agreement, any Obligor Accession Agreement, any Increase Confirmation, any Fee Letter, any Resignation Letter and any other document designated as a **Finance Document** by the Lender and the Borrower.

**Finance Party** means the Lender and the Administrator.

**Framework Assignment Agreement** means (i) the Original Framework Assignment Agreement, and (ii) following an SCF Platform Addition, the Original Framework Assignment Agreement and any receivables

assignment agreement (or equivalent) to be entered into between, *inter alios*, the Lender, the Platform Provider and the Borrower, in each case of (i) and (ii), as may be amended, amended and restated, supplemented, replaced (including pursuant to an SCF Platform Replacement) or otherwise modified from time to time, and pursuant to which the Lender will purchase eligible VM Accounts Receivable from the Platform Provider. As used herein, the term “Framework Assignment Agreement” may also refer to, as the context may require, the Framework Assignment Agreement and the Assignment Framework Notes.

**Group** means the Borrower, any Permitted Affiliate Parent and any Subsidiary of the Borrower or a Permitted Affiliate Parent from time to time, other than any Unrestricted Subsidiary as defined in Schedule 7 (*Additional Definitions*).

**Guarantor** means an Original Guarantor or an Additional Guarantor, unless it has ceased to be a Guarantor in accordance with Clause 18 (*Changes to the Obligors*).

**Holding Company** has the meaning given to it in Schedule 7 (*Additional Definitions*).

**Increase Confirmation** means a confirmation substantially in the form set out in Schedule 8 (*Form of Increase Confirmation*).

**Initial Excess Cash Facility Amount** means as at the Issue Date, an amount, calculated by the Administrator, equal to £350.0 million *less* (i) the Initial Requested Purchase Price Amount and (ii) the Initial Interest Reserve Amount.

**Initial Interest Reserve Amount** means an amount, calculated by the Administrator, equal to the aggregate of the interest which will be due and payable on the Notes on the first two Coupon Payment Dates.

**Initial Requested Purchase Price Amount** means an amount equal to £[●].

**Initial Transfer** means the sale and assignment from the Supplier to the Platform Provider through the SCF Platform of (i) the independent and primary obligation of the Borrower (arising from an Upload and the designation of the relevant uploaded Receivable as “approved” by a Receivables Obligor) to make payment or cause payment to be made on the related Receivable on the Confirmed Payment Date, and (ii) such related Receivable.

**Interest Facility** means the facility made available under this Agreement as described in Clause 2.2 (*Interest Facility*).

**Interest Facility Commitment** means the aggregate of (i) £15.7 million, (ii) the amount of any other Interest Facility Commitment assumed by the Lender in accordance with Clause 2.4 (*Increase*) to the extent not cancelled, reduced or assigned by it under this Agreement and (iii) the principal amount of any Interest Facility Loan required to be advanced from time to time by the Lender to the Borrower in excess of the aggregate of the amounts referred to in (i) and (ii) above in accordance with the terms of this Agreement.

**Interest Facility Loan** means a loan made or to be made under the Interest Facility or the principal amount outstanding for the time being of that loan.

**Interest Payment Shortfall** means, in respect of any Coupon Payment Date, the amount, if any, by which the amount standing to the credit of the Lender Interest Proceeds Account will be insufficient to pay the interest due and payable by the Lender on the Notes on that Coupon Payment Date.

**Interest Period** means each period determined in accordance with Clause 10 (*Interest Periods*).

**Interest Proceeds** means (i) the Premium earned by the Lender on Assigned Receivables, (ii) the interest earned by the Lender on Excess Cash Loans and the Issue Date Facility Loan, and (iii) the Retained Amount Interest.

**Interest Rate** means:

- (a) in relation to the Excess Cash Facility, % per annum;
- (b) in relation to the Interest Facility, 0% per annum; and
- (c) in relation to the Issue Date Facility, % per annum.

**Issue Date** means 2016.

**Issue Date Arrangements Agreement** means the agreement dated on or about the Issue Date among the Lender, the Borrower and TMF Management (Ireland) Limited as share trustee, existing shareholder and subscriber.

**Issue Date Facility** means the facility made available under this Agreement as described in Clause 2.3 (*Issue Date Facility*).

**Issue Date Facility Commitment** means the aggregate of (i) £2,000,000 and (ii) the amount of any other Issue Date Facility Commitment assumed by the Lender in accordance with Clause 2.4 (*Increase*) to the extent not cancelled, reduced or assigned by it under this Agreement.

**Issue Date Facility Loan** means a loan made or to be made under the Issue Date Facility or the principal amount outstanding for the time being of that loan.

**Legal Opinions** means the legal opinions set out in Schedule 2 (*Conditions Precedent*) and any other legal opinion delivered under this Agreement.

**Lender Interest Proceeds Account** means the Interest Proceeds Account as defined in the Agency and Account Bank Agreement.

**Lender Principal Proceeds Account** means the Principal Proceeds Account as defined in the Agency and Account Bank Agreement.

**Loan** means an Excess Cash Loan, an Interest Facility Loan or the Issue Date Facility Loan.

**Maturity Excess Payment** means an amount, calculated by the Administrator, on the final Coupon Payment Date, being the Notes Maturity Date or the date of early redemption of the Notes in accordance with the Conditions, equal to the positive difference, if any, between:

- (a) the Final Available Amount, *less*
- (b) the aggregate principal amount of the Notes to be repaid together with the amount of interest accrued and payable on the Notes on such final Coupon Payment Date.

**Maturity Shortfall Payment** means an amount, calculated by the Administrator, on the final Coupon Payment Date, being the Notes Maturity Date or the date of early redemption of the Notes in accordance with the Conditions, equal to the positive difference, if any, between:

- (a) the aggregate principal amount of the Notes to be repaid together with the amount of interest accrued and payable on the Notes on such final Coupon Payment Date, *less*
- (b) the Final Available Amount.

**New Maturity Date** means the date that is one Business Day following the Change of Control Prepayment Date.

**Notes** means:

- (a) the Receivable Financing Notes; and
- (b) any Additional Notes.

**Notes Acceleration Event** means (i) the delivery by the Notes Trustee of a Note Acceleration Notice to the Lender or (ii) the occurrence of an Event of Default as described in Condition 10.

**Note Acceleration Notice** has the meaning given to it in Condition 10.

**Notes Maturity Date** means initially, September 15, 2024 and (ii) following an Accelerated Maturity Event, the New Maturity Date.

**Notes Trust Deed** means the trust deed dated on the Issue Date in relation to the Notes, as amended, amended and restated, supplemented or otherwise modified from time to time.

**Notes Trustee** means BNY Mellon Corporate Trustee Services Limited.

**Obligors** means the Borrower and the Guarantors and **Obligor** means any of them.

**Obligor Accession Agreement** means a document substantially in the form set out in Schedule 3 (*Form of Obligor Accession Agreement*) and including any guarantee limitation language as is necessary or desirable in the relevant jurisdiction of the Additional Guarantor as determined by the Borrower (acting reasonably).

**Obligors' Agent** means the Borrower in its capacity as agent for each Obligor in relation to the Finance Documents pursuant to Clause 2.5 (*Obligor's Agent*).

**Original Framework Assignment Agreement** means the framework assignment agreement dated on or about the Issue Date between, *inter alios*, the Lender, the Platform Provider and the Borrower.

**Original Obligors** means the Borrower and the Original Guarantors and **Original Obligor** means any of them.

**Outstanding Amount** means, with respect to a Payment Obligation, an amount equal to (i) the gross amount of the relevant Receivable in respect of which the Payment Obligation arose, *less* (ii) the sum of all Credit Notes allocated to that Payment Obligation pursuant to the terms of the APMSA.

**Participating Member State** means any member state of the European Union that at the relevant time has the euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union.

**Party** means a party to this Agreement.

**Payment Obligation** means an independent and primary obligation of the Borrower (and, following an SCF Transfer in respect of such Payment Obligation, of each Subsidiary Obligor on a joint and several basis) to pay to the Relevant Recipient the Certified Amount on the Confirmed Payment Date under the APMSA.

**Permitted Affiliate Group Designation Date** means any date on which the Administrator (on behalf of the Lender) provides confirmation to the Borrower that the conditions set out in Clause 18.2 (*Permitted Affiliate Designation*) are satisfied.

**Permitted Affiliate Parent** has the meaning specified in Clause 18.2 (*Permitted Affiliate Designation*).

**Platform Provider** means (i) initially, ING Bank N.V., in its capacity as provider and the administrator of the SCF Platform, together with its successors and permitted assigns; (ii) following an SCF Platform Addition, ING Bank N.V. (together with its successors and permitted assigns) and any additional provider and administrator of an additional SCF Platform approved or appointed by the Borrower or a Subsidiary Obligor (together with such platform provider's successors and permitted assigns); and (iii) following an SCF Platform Replacement, the successor provider and administrator of the replacement SCF Platform approved or appointed by the Borrower or a Subsidiary Obligor (together with such platform provider's successors and permitted assigns).

**Platform Provider Processing Fee** means the processing fee due to the Platform Provider as specified in the APMSA, which will initially be 0.25%.

**Premium** means the premium earned by the Lender on Assigned Receivables, being equal to the difference between Outstanding Amounts collected upon maturity thereof and the Purchase Price Amounts at which such Assigned Receivables are initially purchased by the Lender, which will be deemed to accrue on the basis of a 360-day year.

**Priorities of Payment** has the meaning given to it in Condition 1(a).

**Proceedings** has the meaning given to such term in Clause 31.1 (*Courts*).

**Purchase Price Amount** means, in relation to any VM Account Receivable, an amount equal to the Outstanding Amount of such VM Account Receivable *less* the Applied Discount (as used in the context of the Framework Assignment Agreement) calculated as at the relevant Assignment Date.

**Receivable** means an amount of money payable by a Receivables Obligor to a Supplier as a result of an existing business relationship, evidenced by an invoice, and includes all rights attaching thereto under the relevant contract to which such invoice relates and the SCF Platform Documents.

**Receivable Financing Notes** means the £350,000,000 % receivable financing notes due 2024 issued by the Lender, as issuer, under and in accordance with the Notes Trust Deed.

**Receivables Obligor** means, with respect to each VM Account Receivable, any person (other than the Excluded Buyer) who owes a Payment Obligation in respect of such VM Account Receivable or any payment undertaking related to such VM Account Receivable to the Platform Provider or the Lender pursuant to the Framework Assignment Agreement or any SCF Platform Documents, in any case, related to such VM Account Receivable, whether such obligation forms the whole or any part of such VM Account Receivable. On the Issue Date, the Receivables Obligors will be the Original Guarantors.

**Relevant Recipient** means, with respect to a Payment Obligation:

- (a) the Supplier to whom the Receivable which the Payment Obligation arose in respect of is payable to;
- (b) following transfer (in accordance with the terms of the Accounts Payable Management Services Agreement) of the Payment Obligation from that Supplier to the Platform Provider, the Platform Provider; or
- (c) following transfer of the Payment Obligation from the Platform Provider to a Transferee (as defined in the Accounts Payable Management Services Agreement) or one Transferee to another Transferee, the Transferee to whom the Payment Obligation has most recently been transferred.

**Requested Purchase Price Amount** means an amount requested by the Platform Provider in an Assignment Notice as consideration for the sale and assignment of the relevant VM Account Receivable.

**Retained Amount** means, collectively, Excess Requested Purchase Price Amounts, Retained Collected Amounts and/or, Delayed Aggregate Amounts.

**Retained Amount Interest** means interest to be paid by the Platform Provider to the Lender on any Retained Amounts.

**Retained Collected Amount** means any Collected Amount which has not been paid to the Lender towards satisfaction of the relevant Outstanding Amount and not been used to purchase further VM Accounts Receivable.

**SCF Platform** means the online system, managed by the Platform Provider and administered under the terms of the APMSA and the Discounted Payments Purchase Agreements, to facilitate receivables financing provided by the Platform Provider and other participating funding providers, including the Lender, and made available to the Borrower and certain of its subsidiaries (including the Subsidiary Obligors), together with any additional online system approved by the Borrower or a Subsidiary Obligor pursuant to an SCF Platform Addition and any replacement online system approved by the Borrower or a Subsidiary Obligor pursuant to an SCF Platform Replacement.

**SCF Platform Addition** means the addition of another online system established and administered by an additional Platform Provider to facilitate receivables financing made available to the Borrower and certain of its subsidiaries (including the Subsidiary Obligors), as approved or appointed by the Borrower or a Subsidiary Obligor.

**SCF Platform Documents** means the APMSA and the Discounted Payments Purchase Agreements.

**SCF Platform Replacement** means the replacement of the then-current SCF Platform with another online system established and administered by a successor Platform Provider to facilitate receivables financing made available to the Borrower and certain of its subsidiaries (including the Subsidiary Obligors), as approved or appointed by the Borrower or a Subsidiary Obligor.

**SCF Platform Website** means <https://www.ingscfplatform.com/> or such other website address as may be notified by the Platform Provider to the Obligors from time to time.

**SCF Transfer** means, in respect of a Payment Obligation arising in respect of a Receivable that has been given the status “approved” by or on behalf of the relevant Receivables Obligor via the SCF Platform, the transfer of such Payment Obligation to the Platform Provider pursuant to the terms of the APMSA and each relevant Discounted Payments Purchase Agreement.

**Signing Date** means the date of this Agreement.

**Subsidiary** has the meaning given to it in Schedule 7 (*Additional Definitions*).

**Subsidiary Obligors** means Virgin Media Limited, a private limited company incorporated under the laws of England and Wales with registered number 02591237 and with its registered office at Media House, Bartley Wood Business Park, Hook, Hampshire, RG27 9UP, United Kingdom; Virgin Mobile Telecoms Limited, a private limited company incorporated under the laws of England and Wales with registered number 03707664 and with its registered office at Media House, Bartley Wood Business Park, Hook, Hampshire, RG27 9UP, United Kingdom; Virgin Media Senior Investments Limited, a private limited company incorporated under the laws of England and Wales with registered number 10362628 and with its registered office at Media House, Bartley Wood Business Park, Hook, Hampshire, RG27 9UP, United Kingdom; and any additional Buyer Subsidiary (as defined in the Accounts Payable Management Services Agreement) that accedes to the Accounts Payable Management Services Agreement in accordance with its terms, each in its capacity as a “Buyer Subsidiary” under the Accounts Payable Management Services Agreement, other than the Excluded Buyer;

**Supplier** means:

- (a) each supplier permitted to access the SCF Platform Website pursuant to the terms of a Supplier Access Agreement (which such supplier has entered into) and which is listed in Schedule 2 to the APMSA (as may be updated by the Platform Provider from time to time when any changes to the details set out therein occurs);
- (b) any supplier proposed by the Borrower to the Platform Provider as a supplier and meeting the eligibility criteria set out in Schedule 2 to the APMSA and permitted to access the SCF Platform Website pursuant to the terms of a Supplier Access Agreement (which such supplier has entered into) from time to time; and



- (c) following an SCF Platform Replacement or SCF Platform Addition, any supplier permitted to access such replacement or additional SCF Platform pursuant to the relevant Supplier Access Agreement.

**Supplier Access Agreement** means (i) an electronic agreement entered into by the Platform Provider and each Supplier on substantially similar terms as set out in Schedule 2 to the APMSA; and (ii) following an SCF Platform Replacement or SCF Platform Addition, any agreement entered into by the Platform Provider and each Supplier which governs access to such replacement or additional SCF Platform.

**Sterling or £** has the meaning given to it in Schedule 7 (*Additional Definitions*)

**Tax** means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

**Tax Event** has the meaning given to it in Condition 1(a).

**Termination Date** means:

- (a) in relation to the Excess Cash Facility, September 15, 2024 or if earlier, the date of repayment and cancellation in full of the Excess Cash Facility;
- (b) in relation to the Interest Facility, September 15, 2024 or if earlier, the date of repayment and cancellation in full of the Interest Facility; and
- (c) in relation to the Issue Date Facility, September 15, 2024 or if earlier, the date of repayment and cancellation in full of the Issue Date Facility.

**Term Excess Arrangement Payment** means, in respect of a Coupon Payment Date (other than the Notes Maturity Date or the date of early redemption of the Notes in accordance with the Conditions), an amount, calculated by the Administrator, on that Coupon Payment Date, equal to the positive difference, if any, between (i) the aggregate of the amount of any Interest Proceeds accrued pursuant to Excess Cash Loans and the Issue Date Facility Loan and the Premium received or to be received in respect of Assigned Receivables and the Retained Amount Interest accrued in respect of any Retained Amounts (as determined in accordance with the Agency and Account Bank Agreement) during the Interest Period ending on that Coupon Payment Date and any Deferred Term Excess Arrangement Payment for the immediately preceding Coupon Payment Date, *less* (ii) the amount of interest due on the Notes on that Coupon Payment Date, provided that if such calculation results in an amount that is greater than the Capped Amount, the Term Excess Arrangement Payment shall be an amount equal to the Capped Amount.

**Term Shortfall Payment** means, in respect of a Coupon Payment Date (other than the Notes Maturity Date or the date of early redemption of the Notes in accordance with the Conditions), an amount, calculated by the Administrator, on that Coupon Payment Date, equal to the positive difference, if any, between (i) the amount of interest due on the Notes on that Coupon Payment Date, *less* (ii) the aggregate of the amount of any Interest Proceeds accrued pursuant to Excess Cash Loans and the Issue Date Facility Loan and the Premium accrued in respect of Assigned Receivables and the Retained Amount Interest paid in respect of any Retained Amounts (as determined in accordance with the Agency and Account Bank Agreement) during the Interest Period ending on such Coupon Payment Date and any Deferred Term Excess Arrangement Payment for the immediately preceding Coupon Payment Date.

**Total Commitments** means the aggregate of the Excess Cash Facility Commitments, the Interest Facility Commitments and the Issue Date Facility Commitments, as the same may be increased or reduced in accordance with the terms of this Agreement.

**Transaction Documents** has the meaning given to it in Condition 1(a).

**United States or US** means the United States of America.

**Unpaid Sum** means any sum due and payable by an Obligor under any Finance Document but unpaid.

**Upload** means the upload by a Receivables Obligor of an Electronic Data File containing details of a Receivable on to the SCF Platform.

**Utilisation Date** means the date on which a Loan is (or is requested to be) made.

**VAT** means:

- (a) value added tax as provided for in the Value Added Tax Act 1994 and any other tax of a similar nature imposed in compliance with the Council Directive 2006/112/EC on the common system of value added tax as implemented by a member state of the European Union; and



- (b) any other tax of a similar nature, whether imposed in a member state of the European Union in substitution for, or levied in addition to, such tax referred to in paragraph (a) above, or imposed elsewhere.

**VM Account Receivable** means, collectively, a Payment Obligation which has been acquired by the Platform Provider and any Receivable relating thereto, solely to the extent that such Receivable has been acquired by the Platform Provider.

**Weekly Excess Cash Repayment Amount** means, on any date, the amount to be paid by the Lender to acquire VM Accounts Receivable on that date *less* the amounts expected to be in the Lender Principal Proceeds Account on that date.

## 1.2 Construction

- (a) Unless a contrary indication appears, a reference in this Agreement to:
- (i) the **Lender**, any **Obligor**, the **Administrator**, any **Finance Party**, any **Party**, or any other person shall be construed so as to include its and any subsequent successors in title, permitted assigns and permitted transferees;
  - (ii) a document in **agreed form** is a document which is previously agreed in writing by or on behalf of the Borrower and the Lender or, if not so agreed, is in the form specified by the Lender acting reasonably;
  - (iii) **assets** includes present and future properties, revenues and rights of every description;
  - (iv) **company** includes any body corporate;
  - (v) **determines** or **determined** means, save as otherwise provided herein, a determination made in the absolute discretion of the person making the determination;
  - (vi) a **Finance Document**, a **Transaction Document** or any other agreement or instrument is a reference to that Finance Document, Transaction Document or other agreement or instrument as amended, varied, supplemented or novated (however fundamentally) and shall include any confirmation thereof;
  - (vii) a **person** includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium or partnership (whether or not having separate legal personality);
  - (viii) a **regulation** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
  - (ix) a **repayment** shall include a **prepayment** and references to **repay** or **prepay** shall be construed accordingly;
  - (x) the **administration** of a company shall be construed so as to include any equivalent or analogous proceedings under the law of the jurisdiction in which such company is incorporated, established or organised or any jurisdiction in which such company carries on business, including the seeking of liquidation, winding up, reorganisation, dissolution, administration, arrangement, adjustment, protection from creditors or relief of debtors; and
  - (xi) a time of day is, unless otherwise specified, a reference to London time.
- (b) Section, Clause and Schedule headings are for ease of reference only.
- (c) Unless expressly provided to the contrary, a term used in any other Finance Document or in any notice given under or in connection with any Finance Document has the same meaning in that Finance Document or notice as in this Agreement.
- (d) Any reference in this Agreement to a law, statute or a statutory provision shall, save where a contrary intention is specified, be construed as a reference to such law, statute or statutory provision as the same shall have been, or may be, amended or re enacted.
- (e) A Default (other than an Event of Default) is **continuing** if it has not been remedied or waived and an Event of Default is **continuing** if it has not been remedied or waived.
- (f) A Drawstop Event is **continuing** if the relevant Drawstop Notice has not been withdrawn or revoked by the Borrower in accordance with Clause 8.5 (*Drawstop Notices*).

- (g) No personal liability shall attach to any director, officer or employee of any member of the Group for any representation or statement made by that member of the Group in a certificate signed by such director, officer or employee.

### **1.3 Third party rights**

- (a) Unless expressly provided to the contrary in a Finance Document a person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 (the **Third Parties Act**) to enforce or enjoy the benefit of any term of this Agreement.
- (b) Notwithstanding any term of any Finance Document, the consent of any person who is not a Party is not required to rescind or vary this Agreement at any time.

### **1.4 Arm's-length terms**

The Lender and the Borrower each confirm that this Agreement has been entered into on arm's-length commercial terms.

### **1.5 Other defined terms**

Any capitalised words and expressions used in this Agreement with respect to capitalised words and expressions used in Schedule 5 (*Covenants*) and Schedule 6 (*Events of Default*) shall bear the meanings ascribed to them in Schedule 7 (*Additional Definitions*) if not otherwise defined in this Clause 1. In the event of any conflict between the provisions of this Clause 1 and Schedule 7 (*Additional Definitions*), this Clause 1 will prevail.

## **2. THE FACILITIES**

### **2.1 The Excess Cash Facility**

Subject to the terms of this Agreement, the Lender makes available to the Borrower a Sterling denominated revolving credit facility in an aggregate amount equal to the Excess Cash Facility Commitment.

### **2.2 Interest Facility**

Subject to the terms of this Agreement, the Lender makes available to the Borrower a Sterling denominated revolving credit facility in an aggregate amount equal to the Interest Facility Commitment.

### **2.3 Issue Date Facility**

Subject to the terms of this Agreement, the Lender makes available to the Borrower a Sterling denominated term credit facility in an aggregate amount equal to the Issue Date Facility Commitment.

### **2.4 Increase**

- (a) At the time of any issuance of Additional Notes, the Lender, the Administrator and the Borrower shall, by executing an Increase Confirmation, increase the Commitments under the Excess Cash Facility, the Interest Facility and the Issue Date Facility by including new Commitments of the Lender as follows:
  - (i) the Interest Facility Commitment shall be increased by an amount, calculated by the Administrator, equal to the aggregate of the interest which would have been due and payable on the Additional Notes on the first two Coupon Payment Dates had such Additional Notes been issued on the Issue Date;
  - (ii) the Excess Cash Facility Commitment shall be increased by an amount, calculated by the Administrator, equal to the aggregate principal amount of the Additional Notes less the increase in the Interest Facility Commitment calculated in accordance with sub-paragraph (i) above; and
  - (iii) in the event that the principal amount of the Additional Notes exceeds £250,000,000, the Issue Date Facility Commitment shall be increased by an amount, calculated by the Administrator, equal to 1/300<sup>th</sup> of the aggregate principal amount of the Additional Notes above £250,000,000.

- (b) An increase in the Commitments relating to a Facility shall take effect on the later of (a) the Additional Notes Issue Date and (b) the execution by the Borrower, the Administrator and the Lender of an Increase Confirmation.
- (c) The Borrower may pay to the Lender a fee in the amount and at the times agreed between the Borrower and the Lender.
- (d) The execution by the Borrower of an Increase Confirmation constitutes confirmation from each Guarantor that its obligations shall continue unaffected except that those obligations shall extend to the Total Commitments as increased by the addition of the new Commitments of the Lender and shall be owed to the Lender.

## **2.5 Obligors' Agent**

- (a) Each Obligor (other than the Borrower) by its execution of this Agreement or an Obligor Accession Agreement irrevocably appoints the Borrower to act on its behalf as its agent in relation to the Finance Documents and irrevocably authorises:
  - (i) the Borrower on its behalf to supply all information concerning itself contemplated by this Agreement to the Administrator (on behalf of the Lender) and to give all notices and instructions, to execute on its behalf any Finance Document to make such agreements and to effect the relevant amendments, supplements and variations capable of being given, made or effected by any Obligor and to enter into any agreement in connection with a Finance Document, in each case, notwithstanding that they may affect the Obligor, without further reference to or the consent of that Obligor; and
  - (ii) each Finance Party to give any notice, demand or other communication to that Obligor pursuant to the Finance Documents to the Borrower on its behalf,

and in each case the Obligor shall be bound as though the Obligor itself had supplied such information, given the notices and instructions or executed or made the agreements or effected the amendments, supplements or variations, or received the relevant notice, demand or other communication and each Finance Party may rely on any action purported to be taken by the Borrower on behalf of the Obligor.
- (b) Every act, omission, agreement, undertaking, settlement, waiver, amendment, supplement, variation, notice or other communication given or made by the Obligors' Agent or given to the Obligors' Agent under any Finance Document on behalf of another Obligor or in connection with any Finance Document (whether or not known to any other Obligor and whether occurring before or after such other Obligor became an Obligor under any Finance Document) shall be binding for all purposes on that Obligor as if that Obligor had expressly made, given or concurred with it. In the event of any conflict between any notices or other communications of the Obligors' Agent and any other Obligor, those of the Obligors' Agent shall prevail.

## **3. PURPOSE**

### **3.1 Purpose**

- (a) The Borrower shall apply all amounts borrowed by it under the Excess Cash Facility towards the general corporate and working capital purposes of the Group.
- (b) The Borrower shall apply all amounts borrowed by it under the Interest Facility towards the general corporate and working capital purposes of the Group.
- (c) The Borrower shall apply all amounts borrowed by it under the Issue Date Facility towards the general corporate and working capital purposes of the Group.

### **3.2 Monitoring**

No Finance Party is bound to monitor or verify the application of any amount borrowed pursuant to this Agreement.

## **4. CONDITIONS OF UTILISATION**

### **4.1 Initial conditions precedent**

- (a) The Lender will only be obliged to comply with Clause 5 (*Utilisation*) in relation to any Loan if on or before the Utilisation Date for that Loan, the Administrator (on behalf of the Lender) has received (or

waived receipt of) all of the documents and other evidence listed in Schedule 2 (*Conditions Precedent*) in a form that appears in the opinion of the Administrator (on behalf of the Lender) acting reasonably to comply with the requirements therein. The Administrator (on behalf of the Lender) shall notify the Borrower promptly upon being so satisfied.

- (b) Other than to the extent that the Lender notifies the Administrator in writing to the contrary before the Administrator gives the notification described in paragraph (a) above, the Lender authorises (but does not require) the Administrator to give that notification. The Administrator shall not be liable for any damages, costs or losses whatsoever as a result of giving any such notification.

#### **4.2 Further conditions precedent**

The Lender will only be obliged to comply with Clause 5 (*Utilisation*) if on the proposed Utilisation Date (i) no Drawstop Event has occurred and is continuing and (ii) no Notes Acceleration Event has occurred.

### **5. UTILISATION**

#### **5.1 Initial utilisations on the Issue Date**

Subject to satisfaction of the conditions set out in Clause 4 (*Conditions of Utilisation*), the Lender shall lend and the Borrower shall borrow, by 4 p.m. on the Issue Date:

- (a) in respect of the Interest Facility, an amount in Sterling equal to the Initial Interest Reserve Amount;
- (b) in respect of the Excess Cash Facility, an amount in Sterling equal to the Initial Excess Cash Facility Amount; and
- (c) in respect of the Issue Date Facility, an amount in Sterling equal to the Issue Date Facility Commitment (which all the Parties agree and acknowledge shall be made available on a cashless basis in accordance with the terms of the Issue Date Arrangements Agreement).

#### **5.2 Further utilisations**

Subject to satisfaction of the conditions set out in Clause 4 (*Conditions of Utilisation*), the Lender shall lend and the Borrower shall borrow:

- (a) by 4 p.m. on each Business Day after the Issue Date and during the Availability Period for the relevant Facility:
  - (i) in respect of the Interest Facility, an amount in Sterling equal to the amount standing to the credit of the Lender Interest Proceeds Account on that Business Day excluding the aggregate amount of any withdrawals required but not yet completed on that Business Day (and, in connection with the redemption of all or part of the Notes, required on the following Business Day) (as calculated by the Administrator in accordance with the Agency and Account Bank Agreement) in connection with the payment of interest on the Notes on the upcoming Coupon Payment Date, in connection with an Approved Exchange Offer on the date specified in the notice delivered by the Administrator in connection with such Approved Exchange Offer or the relevant date for redemption of the Notes on a date which is not a Coupon Payment Date (provided that such amount is greater than zero); and
  - (ii) in respect of the Excess Cash Facility, an amount in Sterling equal to the amount standing to the credit of the Lender Principal Proceeds Account on that Business Day excluding the aggregate amount of any withdrawals required but not yet completed on that Business Day (and, in connection with the redemption of all or part of the Notes, required on the following Business Day) (as calculated by the Administrator in accordance with the Agency and Account Bank Agreement) in connection with the purchase of VM Accounts Receivable pursuant to the Framework Assignment Agreement on that Business Day, in connection with an Approved Exchange Offer on the date specified in the notice delivered by the Administrator in connection with such Approved Exchange Offer or in connection with the redemption of all or part of the Notes on the Notes Maturity Date or the relevant date of early redemption of the Notes (provided that such amount is greater than zero and other than an amount equal the Initial Requested Purchase Price Amount for the period commencing on the Issue Date and ending on the earlier of the date falling 5 Business Days following the Issue Date and the date on which an amount equal to the Initial Requested Purchase Price Amount is applied to purchase VM Accounts Receivable pursuant to the Framework Assignment Agreement); and

- (b) in respect of the Interest Facility, on any Business Day on which any Excess Cash Loans are repaid in accordance with paragraph (a) of Clause 6.2 (*Excess Cash Loans*) during the Availability Period in respect of the Interest Facility, on a cashless basis, an amount in Sterling equal to the accrued interest deemed paid by the Borrower to the Lender on the amount of such Excess Cash Loans in accordance with paragraph (b) of Clause 8.2 (*Other amounts*); and
- (c) in respect of the Issue Date Facility, on any day on which the Issue Date Facility Commitment is increased in accordance with paragraphs (a)(iii) and (b) of Clause 2.4 (*Increase*) during the Availability Period in respect of the Issue Date Facility (or, if such day is not a Business Day, the immediately following Business Day), an amount in Sterling, calculated by the Administrator, equal to the aggregate principal amount of the relevant increase in the Issue Date Facility Commitment.

### **5.3 Limitation on utilisations**

- (a) In no event shall the aggregate principal amount outstanding under the Interest Facility exceed the Interest Facility Commitment.
- (b) In no event shall the aggregate principal amount outstanding under the Excess Cash Facility exceed the Excess Cash Facility Commitment.
- (c) In no event shall the aggregate principal amount outstanding under the Issue Date Facility exceed the Issue Date Facility Commitment.

## **6. REPAYMENT**

### **6.1 Interest Facility**

The Interest Facility Loans shall be repaid by the Borrower as follows (and the Administrator may apply the proceeds of such repayment to repay any Interest Facility Loan or Interest Facility Loans selected by it in its sole discretion):

- (a) following receipt of notice from the Administrator, by 10 a.m. six Business Days (or such shorter period as the Borrower may agree) prior to a Coupon Payment Date, stating that the amount standing to the credit of the Lender Interest Proceeds Account will be insufficient to pay the interest due and payable by the Lender on the Notes on that Coupon Payment Date, the amount specified in such notice as the Interest Payment Shortfall less the amount of any Term Shortfall Payment that will become due and payable by the Borrower to the Lender on that Coupon Payment Date (each as calculated by the Administrator in accordance with the terms of the Agency and Account Bank Agreement) shall be repaid to the Lender by 10 a.m. one Business Day before that Coupon Payment Date;
- (b) Interest Facility Loans in an amount equal to the Term Excess Arrangement Payment (provided that such amount is greater than zero) shall be repaid on a cashless basis on each Coupon Payment Date (other than the Notes Maturity Date or the date of early redemption of the Notes in accordance with the Conditions);
- (c) Interest Facility Loans in an amount (as calculated by the Administrator) equal to the amount, if any, by which the amount standing to the credit of the Lender Interest Proceeds Account will be insufficient to pay the interest due and payable by the Lender on the Notes on any date for redemption of the Notes that is not a Coupon Payment Date shall be repaid to the Lender by 10 a.m. one Business Day before that redemption date;
- (d) following receipt of not less than five Business Days (or such shorter period as the Borrower may agree) prior notice from the Administrator stating that the Lender requires cash in connection with an Approved Exchange Offer, the amount specified in such notice for such purpose (as calculated by the Administrator in accordance with Condition 6(k)(ii)(B)) shall be repaid to the Lender by 10 a.m. on the date specified in such notice; and
- (e) any outstanding Interest Facility Loans shall be repaid in full to the Lender by 10 a.m. one Business Day before the earlier of (i) the Termination Date in respect of the Interest Facility and (ii) any date for redemption of all of the Notes in full.

## 6.2 Excess Cash Loans

The Excess Cash Loans shall be repaid by the Borrower as follows (and the Administrator may apply the proceeds of such repayment to repay any Excess Cash Loan or Excess Cash Loans selected by it in its sole discretion):

- (a) following receipt of notice from the Administrator stating that the Lender requires cash from the Borrower in order to purchase VM Accounts Receivable pursuant to the Framework Assignment Agreement by 5 p.m. five Business Days prior to the date for purchase of such VM Accounts Receivable (or such shorter period as the Borrower may agree), the amount specified in such notice as the Weekly Excess Cash Repayment Amount (as calculated by the Administrator in accordance with the terms of the Agency and Account Bank Agreement) shall be repaid to the Lender by 10 a.m. on the date specified for the purchase of such VM Accounts Receivable;
- (b) following receipt of not less than five Business Days (or such shorter period as the Borrower may agree) prior notice from the Administrator stating that the Lender requires cash from the Borrower in order to fund any principal amount required on any date for redemption of all or part of the Notes, the amount specified in such notice for such purposes (as calculated by the Administrator) shall be repaid to the Lender by 10 a.m. one Business Day before the date that such amounts fall due under the Notes;
- (c) following receipt of not less than five Business Days (or such shorter period as the Borrower may agree) prior notice from the Administrator stating that the Lender requires cash in connection with an Approved Exchange Offer, the amount specified in such notice for such purpose (as calculated by the Administrator in accordance with Condition 6(k)(ii)(C)) shall be repaid to the Lender by 10 a.m. on the date specified in such notice; and
- (d) any outstanding Excess Cash Loans shall be repaid in full to the Lender by 10 a.m. one Business Day before the earlier of (i) the Termination Date in respect of the Excess Cash Facility and (ii) any date for redemption of all of the Notes in full.

## 6.3 Issue Date Facility

The Borrower shall repay the outstanding Issue Date Facility Loans in full to the Lender on or before the Termination Date in respect of the Issue Date Facility.

## 7. ILLEGALITY, VOLUNTARY PREPAYMENT, CHANGE OF CONTROL PREPAYMENT OFFER AND CANCELLATION

### 7.1 Illegality

If at any time it becomes unlawful in any applicable jurisdiction for the Lender to perform any of its obligations as contemplated by this Agreement or to make, fund, issue or maintain its participation in any Loan:

- (a) upon the Administrator (on behalf of the Lender) promptly notifying the Borrower, the Commitments of the Lender will be immediately cancelled;
- (b) upon the Administrator (on behalf of the Lender) notifying the Borrower, the Borrower shall prepay the Loans (together with accrued interest on and all other amounts owing to the Lender under the Finance Documents) on the last day of the Interest Period for each Loan occurring after the Administrator (on behalf of the Lender) has notified the Borrower or, if earlier, the date specified by the Administrator (on behalf of the Lender) in the notice delivered to the Borrower (being no earlier than the last day of any applicable grace period permitted by law); and
- (c) upon the Administrator (on behalf of the Lender) notifying the Borrower, the Borrower shall procure that any and all Assigned Receivables are repaid or prepaid by the Receivables Obligor on or prior to the date of such prepayment of the Loans, or to the extent any Assigned Receivables will not be repaid or prepaid by the Receivables Obligor prior to the date of such prepayment of the Loans (the **Remaining Assigned Receivables**), the Borrower shall, and shall procure that the relevant Obligor shall, take all actions to assist the Lender in assigning or agreeing to assign its right, title and interest in the Remaining Assigned Receivables (the **Redemption Block Assignment**) to any person (which, for the avoidance of doubt, can be a special purpose vehicle) such that the Lender shall receive payment for the Redemption Block Assignment of the Remaining Assigned Receivables prior to the date of such prepayment of the Loans.



## 7.2 Voluntary prepayment

- (a) Following receipt of notice from the Lender that a Tax Event has occurred or will occur, the Borrower may, if it gives the Administrator (on behalf of the Lender) not less than 3 Business Days' (or such shorter period as the Administrator (on behalf of the Lender) may agree) prior notice, prepay all of the Loans and cancel all of the Commitments of the Lender; *provided that*, the Borrower shall procure that any and all Assigned Receivables are repaid or prepaid by the Receivables Obligor on or prior to the date of such prepayment, or to the extent that there will be any Remaining Assigned Receivables prior to the date of such prepayment, the Borrower shall, and shall procure that the relevant Receivables Obligor shall, take all actions to assist the Lender in completing or agreeing to complete a Redemption Block Assignment to any person (which, for the avoidance of doubt, can be a special purpose vehicle) such that the Lender shall receive payment for the Redemption Block Assignment prior to the date of such prepayment.
- (b) The Borrower may, if it gives the Administrator (on behalf of the Lender) not less than 3 Business Days' (or such shorter period as the Administrator (on behalf of the Lender) may agree) prior notice, prepay all of the Loans and cancel all of the Commitments of the Lender; *provided that*, the Borrower shall procure that any and all Assigned Receivables are repaid or prepaid by the Receivables Obligor on or prior to the date of such prepayment, or to the extent there will be any Remaining Assigned Receivables prior to the date of such prepayment, the Borrower shall and shall procure that the relevant Receivables Obligor shall, take all actions to assist the Lender in completing or agreeing to complete a Redemption Block Assignment to any person (which, for the avoidance of doubt, can be a special purpose vehicle) such that the Lender shall receive payment for the Redemption Block Assignment prior to the date of such prepayment.
- (c) For so long as a Drawstop Event has occurred and is continuing, the Borrower may, if it gives the Administrator (on behalf of the Lender) not less than 3 Business Days' (or such shorter period as the Administrator (on behalf of the Lender) may agree) prior notice (which notice, at the Borrower's option, may be included in the relevant Drawstop Notice), prepay all or part of the Interest Facility Loans and/or Excess Cash Loans; *provided that*, such prepayment shall not result in the cancellation of all or part of the Commitments of the Lender hereunder.

## 7.3 Change of Control Prepayment Offer

- (a) Within 30 days of a Change of Control (or prior to a Change of Control in anticipation thereof), the Borrower shall:
  - (i) promptly notify the Lender that a Change of Control has occurred or will occur; and
  - (ii) offer (a **Change of Control Prepayment Offer**) by notice to the Administrator (on behalf of the Lender) to cancel the Commitments of the Lender and prepay all of the Loans outstanding at par (the **Change of Control Prepayment Loan Amount**), plus accrued and unpaid interest and any additional amounts (if any) thereon. Such Change of Control Prepayment Offer shall specify that the date of prepayment (the **Change of Control Prepayment Date**) shall occur at a fixed number of days (which shall be no less than 30 days and no more than 359 days) following the Lender's notification to the Borrower of a Change of Control Acceptance (as defined below).
- (b) Within 15 days following its receipt of a Change of Control Prepayment Offer, the Lender shall, pursuant to the procedures set forth in the Notes Trust Deed and the Conditions, notify the holders of the Notes of such Change of Control and launch a Maturity Consent Solicitation (as defined in the Notes Trust Deed).
- (c) Within 45 days following its receipt of the Change of Control Prepayment Offer, the Lender shall notify the Borrower of its acceptance (a **Change of Control Acceptance**) or rejection of such Change of Control Prepayment Offer, following direction from the holders of the Notes in accordance with the terms of the Notes Trust Deed and the Conditions.
- (d) Following a Change of Control Acceptance:
  - (i) on the Change of Control Prepayment Date, the Commitments of the Lender will immediately be cancelled;
  - (ii) on the Change of Control Prepayment Date, the Borrower shall repay the Loans (together with accrued and unpaid interest thereon and all other amounts owing to the Lender under the Finance Documents, including additional amounts (if any) and the Change of Control Fee); and

- (iii) the Borrower shall procure that any and all Assigned Receivables are repaid or prepaid by the Receivables Obligor on or prior to the Change of Control Prepayment Date.

#### **7.4 Automatic Cancellation**

The unutilised amount of a Facility shall be automatically cancelled on the earlier of:

- (a) the end of its Availability Period; and
- (b) the redemption of all of the Notes in full.

### **8. RESTRICTIONS**

#### **8.1 Notices of Prepayment**

Any notice of prepayment given by any Party under Clause 7 (*Illegality, Voluntary Prepayment, Change of Control Prepayment Offer and Cancellation*) shall be irrevocable and, unless expressly provided to the contrary in this Agreement, shall specify the date or dates upon which the relevant prepayment is to be made.

#### **8.2 Other amounts**

- (a) Subject to paragraph (b) below, any repayment or prepayment under this Agreement shall be made together with accrued interest on the amount repaid or prepaid and, unless expressly provided for in this Agreement or any Transaction Document, without premium or penalty.
- (b) In respect of any repayment of Excess Cash Loans in accordance with paragraph (a) of Clause 6.2 (*Excess Cash Loans*), the accrued interest on the amount repaid shall be deemed to have been paid to the Lender by the Borrower on a cashless basis on the date of such repayment in connection with an Interest Facility Loan in accordance with paragraph (b) of Clause 5.2 (*Further utilisations*).

#### **8.3 Reborrowing of Facilities**

Any voluntary prepayment of a Loan under Clause 7.2 (*Voluntary prepayment*) and any repayment of a Loan under paragraphs (a) or (b) of Clause 6.1 (*Interest Facility*) or paragraph (a) of Clause 6.2 (*Excess Cash Loans*) may be re-borrowed on the terms of this Agreement.

#### **8.4 Prepayment in accordance with Agreement**

The Borrower shall not repay or prepay all or any part of the Loans or cancel all or any part of the Commitments except at the times and in the manner expressly provided for in this Agreement.

#### **8.5 Drawstop Notices**

The Borrower may provide the Administrator (on behalf of the Lender) with a revocable notice (a **Drawstop Notice**) that the Borrower wishes to disapply Clause 5.2 (*Further Utilisations*) with immediate effect from the date of such Drawstop Notice, until such time as the Borrower notifies the Administrator (on behalf of the Lender) that it has withdrawn or revoked such Drawstop Notice.

#### **8.6 No reinstatement of Commitments**

Subject to Clause 2.4 (*Increase*), no amount of the Total Commitments cancelled under this Agreement may be subsequently reinstated.

#### **8.7 Administrator's receipt of notices**

If the Administrator receives a notice under Clause 7 (*Illegality, Voluntary Prepayment, Change of Control Prepayment Offer and Cancellation*) or Clause 8.5 (*Drawstop Notices*), it shall promptly forward a copy of that notice to either the Borrower or the Lender, as appropriate.

### **9. INTEREST**

#### **9.1 Calculation of interest**

The rate of interest on each Loan under any Facility for each Interest Period is the Interest Rate applicable to that Facility.

## 9.2 Payment of interest

The Borrower to which a Loan has been made shall pay accrued interest on that Loan by 10 a.m. one Business Day before the last day of each Interest Period together with the interest that will accrue on that Loan to the last day of that Interest Period.

## 10. INTEREST PERIODS

### 10.1 Selection of Interest Periods

- (a) Subject to paragraph (b) below, the initial Interest Period for a Loan shall be the period commencing on the Utilisation Date for that Loan and ending on the next Coupon Payment Date, and each successive Interest Period for that Loan shall commence on a Coupon Payment Date and end on the next successive Coupon Payment Date.
- (b) An Interest Period for a Loan shall not extend beyond the Termination Date.

## 11. FEES

### 11.1 Administrator fee

The Borrower shall pay to the Administrator (for its own account) an administrator fee in the amount and at the times agreed in a letter between the Administrator and the Borrower dated on or before the first Utilisation Date.

### 11.2 Facility Fees

- (a) The Borrower shall pay to the Lender, in accordance with the Agency and Account Bank Agreement and one Business Day before each Coupon Payment Date (other than the Notes Maturity Date or the date of early redemption of the Notes in accordance with the Conditions), the Term Shortfall Payment applicable to that Coupon Payment Date, if any. For the avoidance of doubt, the Borrower shall remain obliged to pay the applicable Term Shortfall Payment notwithstanding the occurrence of a Drawstop Event which is continuing.
- (b) The Lender shall pay to the Borrower, in accordance with the Agency and Account Bank Agreement and one Business Day before each Coupon Payment Date (other than the Notes Maturity Date or the date of early redemption of the Notes in accordance with the Conditions), the Term Excess Arrangement Payment applicable to that Coupon Payment Date, if any, provided that no Notes Acceleration Event has occurred. The Term Excess Arrangement Payment applicable to that Coupon Payment Date, if any, shall constitute a rebate of previously paid interest under this Agreement and be paid by the Lender on a cashless basis following the prepayment of the Interest Facility Loans in accordance with paragraph (b) of Clause 6.1 (*Interest Facility*).
- (c) The Borrower shall pay to the Lender, in accordance with the Agency and Account Bank Agreement and one Business Day before the final Coupon Payment Date, being the Notes Maturity Date or the date of early redemption of the Notes in accordance with the Conditions, the Maturity Shortfall Payment, if any.
- (d) The Lender shall pay to the Borrower, on the final Coupon Payment Date, being the Notes Maturity Date or the date of early redemption of the Notes in accordance with the Conditions, the Maturity Excess Payment (which shall constitute a rebate of previously paid interest under this Agreement), if any, provided that such payment will only be made after all amounts due and payable to noteholders in respect of the Notes have been settled.

### 11.3 [Original Issue Discount Fee

The Borrower shall pay to the Lender on the Issue Date a fee in an amount equal to [ ] per cent of the aggregate principal amount of the Notes, being an amount equal to £ [ ] (the “OID Fee”). The Lender and the Borrower agree that the Borrower’s obligation to pay the OID Fee to the Lender shall be set off against the Lender’s obligation to lend the Initial Excess Cash Facility Amount in accordance with paragraph (b) of Clause 5.1 (*Initial Utilisations on the Issue Date*).]<sup>1</sup>

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<sup>1</sup> To be removed if the Notes are issued at par.

## 11.4 Upfront Fee

The Borrower shall pay to the Lender on the Issue Date a fee (representing (among other things) the aggregate fee payable to the initial purchasers party to the subscription agreement dated September , 2016 entered into in connection with the issuance of the Notes) (the “**Upfront Fee**”). The Lender and the Borrower agree that the Borrower’s obligation to pay the Upfront Fee to the Lender shall be set off against the Lender’s obligation to lend the Initial Excess Cash Facility Amount in accordance with paragraph (b) of Clause 5.1 (*Initial Utilisations on the Issue Date*).

## 11.5 Change of Control Fee

Following a Change of Control Acceptance, the Borrower shall pay to the Lender on the Change of Control Prepayment Date a fee in an amount equal to 1.0 per cent. of the amount equal to the difference between (i) the Change of Control Prepayment Loan Amount, *less* (ii) the Issue Date Facility Loan prepaid pursuant to Clause 7.3 (*Change of Control Prepayment Offer*).

## 12. TAX GROSS UP AND INDEMNITIES

### 12.1 Definitions

In this Agreement:

**Protected Party** means a Lender which is or will be, for or on account of Tax, subject to any liability or required to make any payment in relation to a sum received or receivable (or any sum deemed for the purposes of Tax to be received or receivable) under a Finance Document.

**Tax Credit** means a credit against, relief or remission for, or repayment of any Tax.

**Tax Deduction** means a deduction or withholding for or on account of Tax from a payment under a Finance Document, other than:

- (a) a FATCA Deduction; or
- (b) a deduction or withholding for or on account of any Bank Levy (or otherwise attributable to, or arising as a consequence of, a Bank Levy).

**Treaty Lender** means the Lender if it is (on the date a payment falls due), entitled to that payment under a double taxation agreement in force on the date (subject to the completion of any necessary procedural formalities) without a Tax Deduction.

**Tax Payment** means an increased payment made by an Obligor to a Finance Party under Clause 12.2 (*Tax gross-up*) or a payment under Clause 12.4 (*Tax Indemnity*).

In this Clause 12, a reference to determines or determined means a determination made in the absolute discretion of the person making the determination acting reasonably and in good faith.

### 12.2 Tax gross-up

- (a) Each Obligor shall make all payments to be made by it without any Tax Deduction, unless a Tax Deduction is required by law.
- (b) The Borrower shall promptly upon becoming aware that an Obligor must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Administrator (on behalf of the Lender) accordingly.
- (c) If a Tax Deduction is required by law to be made by an Obligor, the amount of the payment due from that Obligor shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.
- (d) If an Obligor is required to make a Tax Deduction, that Obligor shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.
- (e) Within 30 days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Obligor making that Tax Deduction shall deliver to the Administrator (on behalf of the relevant Finance Party) evidence reasonably satisfactory to the Administrator (on behalf of the relevant Finance Party) that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.

- (f) A Treaty Lender and each Obligor which makes a payment to which that Treaty Lender is entitled shall co-operate and use its reasonable efforts to complete any procedural formalities and provide any information, in each case on a timely basis, necessary for that Obligor to obtain authorisation to make that payment without a Tax Deduction (or with a reduced rate of such Tax Deduction).
- (g) Each party may make any FATCA Deduction it is required to make by FATCA, and any payment required in connection with that FATCA Deduction. If a FATCA Deduction is required by law to be made by an Obligor, the amount of the payment due from that Obligor shall be increased to an amount which (after making any FATCA Deduction) leaves an amount equal to the payment which would have been due if no FATCA Deduction had been required.
- (h) If an Obligor is required to make a FATCA Deduction, that Obligor shall make that FATCA Deduction and any payment required in connection with that FATCA Deduction within the time allowed and in the minimum amount required by law.
- (i) Within 30 days of making either a FATCA Deduction or any payment required in connection with that FATCA Deduction, the Obligor making that FATCA Deduction shall deliver to the Administrator (on behalf of the Lender) evidence reasonably satisfactory to the Administrator (on behalf of the Lender) that the FATCA Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.

### 12.3 Lender Tax Status

- (a) Notwithstanding any other provision of this Clause 12 (*Tax Gross-up and Indemnities*):
  - (i) if the Lender is entitled to an exemption from or reduction of withholding tax with respect to payments made by the Borrower under any Finance Document, the Lender shall deliver to the Borrower and the Administrator, at the time or times reasonably requested by the Borrower or the Administrator (and promptly after the occurrence of a change in the Lender's circumstance requiring a change in the most recent documentation previously delivered), such properly completed and executed documentation reasonably requested by the Borrower or the Administrator as will permit such payments to be made without withholding or at a reduced rate of withholding; and
  - (ii) if reasonably requested by the Borrower or the Administrator, the Lender shall deliver such other documentation prescribed by an applicable requirement of law or reasonably requested by the Borrower or the Administrator as will enable the Borrower or the Administrator to determine whether or not the Lender is subject to withholding or information reporting requirements. In the event that the Lender fails to comply with the foregoing requirement, the Borrower shall be permitted to withhold and retain an amount in respect of the applicable withholding tax estimated in good faith by the Borrower to be required to be withheld in respect of interest payable to the Lender. The Borrower is not required to make a Tax Payment to the Lender under this Agreement to the extent such Taxes are attributable to a failure by the Lender to provide the documentation required to be delivered pursuant to the first sentence of this Clause 12.3(a).
- (b) The Lender shall confirm whether it is a FATCA Exempt Party and shall provide any documentation, forms and other information relating to its status under FATCA reasonably requested by the Administrator or the Borrower sufficient for the Administrator or the Borrower to comply with their obligations under FATCA and to determine whether the Lender has complied with such applicable reporting requirements.

### 12.4 Tax indemnity

- (a) Subject to paragraph (b) below, the Borrower shall (within ten Business Days of demand by the Administrator (on behalf of the Lender or itself)) pay to a Protected Party an amount equal to the loss, liability or cost which that Protected Party reasonably determines will be or has been (directly or indirectly) suffered for or on account of Tax by that Protected Party. The Protected Party shall within five Business Days' of request by the Borrower provide to the Borrower reasonable written details explaining the loss, liability or cost and the calculation of the amount claimed by the Protected Party.
- (b) Paragraph (a) above shall not apply with respect to any Tax assessed on the Lender:
  - (i) under the law of the jurisdiction in which the Lender is incorporated or, if different, the jurisdiction (or jurisdictions) in which the Lender is treated as resident for tax purposes; or



- (ii) under the law of the jurisdiction in which the Lender's Facility Office is located in respect of amounts received or receivable in that jurisdiction,
- if that Tax is imposed on or calculated by reference to the net income or net profits received or receivable (but not any sum deemed to be received or receivable) by the Lender.
- (c) A Protected Party making, or intending to make a claim pursuant to paragraph (a) above shall promptly notify the Administrator (on behalf of the Lender) of the event which will give, or has given, rise to the claim, including details of the nature of the Tax due or paid by that Protected Party, following which the Administrator (on behalf of the Lender) shall promptly provide such information to the Borrower.
  - (d) A Protected Party shall, on receiving a payment from an Obligor under this Clause 12.4, notify the Administrator (on behalf of the Lender).

## 12.5 Tax Credit

- (a) If the Borrower makes a Tax Payment and the relevant Finance Party determines that:
  - (i) a Tax Credit is attributable to that Tax Payment; and
  - (ii) that Finance Party has obtained, utilised and retained that Tax Credit,

the Finance Party shall pay an amount to the Borrower which that Finance Party determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been made by the Borrower.
- (b) No provision of this Agreement shall:
  - (i) interfere with the right of any Finance Party to arrange its tax or any other affairs in whatever manner it thinks fit or oblige any Finance Party to claim any credit, relief, remission or repayment in respect of any payment of Tax in priority to any other credit, relief, remission or repayment available to it, except that the Finance Party's sole reason (acting in good faith) for not claiming or for deferring such credit, relief, remission or repayment shall not be its obligation to make a payment under this Clause 12.5; or
  - (ii) oblige any Finance Party to disclose any information relating to its Tax or other affairs or any computations in respect thereof.

## 12.6 Value added tax

- (a) All consideration expressed to be payable under a Finance Document by any Party to a Finance Party shall be deemed to be exclusive of any VAT and no Party shall exercise any potential option for waiving a VAT exemption. Subject to paragraph (b), if VAT is chargeable on any supply made by a Finance Party to any Party in connection with a Finance Document, that Party shall pay to the Finance Party (in addition to and at the same time as paying the consideration) an amount equal to the amount of the VAT, unless the VAT charge is caused by the Finance Party's option to waive a VAT exemption, and in either case concurrently against the issue of an appropriate invoice.
- (b) If VAT is or becomes chargeable on any supply made by any Finance Party (the "**VAT Supplier**") to any other Finance Party (the "**Recipient**") in connection with a Finance Document, and any Party other than the Recipient (the "**Subject Party**") is required by the terms of any Finance Document to pay an amount equal to the consideration for such supply to the VAT Supplier (rather than being required to reimburse or indemnify the Recipient in respect of that consideration), (i) if the VAT Supplier is required to account to the relevant tax authority for the VAT, the Subject Party must also pay to the VAT Supplier and, (ii) if the Recipient is required to account to the relevant tax authority for the VAT the Subject Party must pay to the Recipient, (in addition to and at the same time as paying such amount) an amount equal to the amount of such VAT. Where paragraph (i) applies, the Recipient must promptly pay to the Subject Party an amount equal to any credit or repayment obtained by the Recipient from the relevant tax authority which the Recipient reasonably determines is in respect of the VAT chargeable on that supply. Where paragraph (ii) applies, the Subject Party must only pay to the Recipient an amount equal to the amount of such VAT to the extent that the Recipient reasonably determines that it is not entitled to a credit or repayment from the relevant tax authority in respect of that VAT.
- (c) Where a Finance Document requires any Party to reimburse a Finance Party for any costs or expenses, that Party shall also at the same time pay and indemnify the Finance Party for the full amount of such



costs and expenses including such costs that represent VAT incurred by the Finance Party in respect of the costs or expenses to the extent that the Finance Party reasonably determines that it is not entitled to credit or repayment from the relevant tax authority in respect of the VAT.

- (d) Any reference in this Clause 12.6 to any Party shall, at any time when such Party is treated as a member of a group including but not limited to any fiscal unities for VAT purposes, include (where appropriate and unless the context otherwise requires) a reference to the representative member of such group at such time (the term “representative member” to have the same meaning as in the relevant legislation of any jurisdiction having implemented Council Directive 2006/112/EC on the common system of value added tax).
- (e) If VAT is chargeable on any supply made by a Finance Party to any Party under a Finance Document and if reasonably requested by such Finance Party, that Party must give the Finance Party details of its VAT registration number and any other information as is reasonably requested in connection with the Finance Party’s reporting requirements for the supply and at such time that the Finance Party may reasonably request it.
- (f) Where the Borrower is required to make a payment under paragraph (b) above, such amount shall not become due until the Borrower has received a formal invoice detailing the amount to be paid.

## **13. MITIGATION BY THE LENDER**

### **13.1 Mitigation**

- (a) The Lender shall, in consultation with the Borrower, take all reasonable steps to mitigate any circumstances which arise and which would result in any amount becoming payable under or pursuant to, or cancelled pursuant to, any of Clause 7.1 (*Illegality*) or Clause 12 (*Tax Gross up and Indemnities*).
- (b) Paragraph (a) above does not in any way limit the obligations of any Obligor under the Finance Documents.

### **13.2 Limitation of liability**

- (a) The Borrower shall indemnify the Lender for all costs and expenses reasonably incurred by the Lender as a result of steps taken by it under Clause 13.1 (*Mitigation*).
- (b) The Lender is not obliged to take any steps under Clause 13.1 (*Mitigation*) if, in the opinion of the Lender (acting reasonably), to do so might be prejudicial to it.

## **14. GUARANTEE AND INDEMNITY**

### **14.1 Guarantee and Indemnity**

With effect from the Signing Date or if later, the date on which it accedes to this Agreement in such capacity, each Guarantor irrevocably and unconditionally jointly and severally:

- (a) guarantees to the Lender punctual performance by each Obligor of its payment obligations under the Finance Documents;
- (b) undertakes with the Lender that whenever an Obligor does not pay any amount when due under or in connection with any Finance Document, that Guarantor shall promptly on demand of the Administrator (on behalf of the Lender) pay that amount as if it were the principal obligor provided that before any such demand if made on a Guarantor, demand for payment of the relevant amount shall first have been made on the Borrower; and
- (c) indemnifies the Lender immediately on demand against any cost, loss or liability suffered by the Lender if any obligation of an Obligor guaranteed by it is or becomes unenforceable, invalid or illegal. The amount of the cost, loss or liability shall be equal to the amount which the Lender would otherwise have been entitled to recover.

Any demand issued to a Guarantor under this Clause 14.1 shall be copied to the Borrower at the same time as it is issued to the relevant Guarantor, provided that failure to do so shall not affect the validity or effectiveness of the demand or the obligations of the Guarantor under this Clause 14 (*Guarantee and Indemnity*).

## **14.2 Continuing Guarantee**

Each guarantee pursuant to this Clause 14 (*Guarantee and Indemnity*) is a continuing guarantee and will extend to the ultimate balance of sums payable by any Obligor under the Finance Documents, regardless of any intermediate payment or discharge in whole or in part.

## **14.3 Reinstatement**

If any payment by an Obligor or any discharge given by the Lender (whether in respect of the obligations of any Obligor or any security for those obligations or otherwise) is avoided or reduced as a result of insolvency or any similar event:

- (a) the liability of each Obligor shall continue as if the payment, discharge, avoidance or reduction had not occurred; and
- (b) the Lender shall be entitled to recover the value or amount of that security or payment from each Obligor, as if the payment, discharge, avoidance or reduction had not occurred.

## **14.4 Waiver of defences**

The obligations of each Guarantor under this Clause 14 will not be affected by an act, omission, matter or thing which, but for this Clause 14 would reduce, release or prejudice any of its obligations under this Clause 14 (without limitation and whether or not known to it or the Lender) including:

- (a) any time, waiver or consent granted to, or composition with, any Obligor or other person;
- (b) the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;
- (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Obligor or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
- (d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of an Obligor or any other person;
- (e) any amendment, novation, supplement, extension, restatement (however fundamental and whether or not more onerous) or replacement of any Finance Document or any other document or security including without limitation any change in the purpose of, any extension of or any increase in any facility or the addition of any new facility under any Finance Document or other document or security;
- (f) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or security; or
- (g) any insolvency or similar proceedings.

## **14.5 Immediate recourse**

Each Guarantor waives any right it may have of first requiring the Lender (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from that Guarantor under this Clause 14 provided that no demand for any payment may be made on a Guarantor unless such demand has first been made on the Borrower. This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.

## **14.6 Appropriations**

Until all amounts then due and payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full, the Lender (or the Administrator or any trustee or agent on its behalf) may:

- (a) refrain from applying or enforcing any other moneys, security or rights held or received by the Lender (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and no Guarantor shall be entitled to the benefit of the same; and

- (b) hold in an interest-bearing suspense account any moneys received from any Guarantor or on account of any Guarantor's liability under this Clause 14 provided that the Lender (or the Administrator or any trustee or agent on its behalf) shall promptly upon receiving moneys sufficient to discharge all amounts then due and payable by the Obligors under the Finance Documents, apply such moneys to so discharge such amounts.

#### **14.7 Deferral of Guarantors' rights**

Until all amounts which may be or become payable by the Borrower under or in connection with the Finance Documents have been irrevocably paid in full and unless the Administrator (on behalf of the Lender) otherwise directs, no Guarantor will exercise any rights which it may have by reason of performance by it of its obligations under the Finance Documents or by reason of any amount being payable, or liability arising, under this Clause 14:

- (a) to claim by way of contribution or indemnity in relation to any of the obligations of the Borrower under any of the Finance Documents;
- (b) to claim or prove as a creditor of the Borrower or any other person or its estate in competition with the Lender of any of them;
- (c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Lender under the Finance Documents or of any other guarantee or security taken pursuant to, or in connection with, the Finance Documents by the Lender;
- (d) to bring legal or other proceedings for an order requiring any Obligor to make any payment, or perform any obligation, in respect of which any Guarantor has given a guarantee, undertaking or indemnity under this Clause 14); and/or
- (e) to exercise any right of set-off against any Obligor.

If a Guarantor receives any benefit, payment or distribution in relation to such rights it shall hold that benefit, payment or distribution to the extent necessary to enable all amounts which may be or become payable to the Lender by the Obligors under or in connection with the Finance Documents to be repaid in full on trust for the Lender and shall promptly pay or transfer the same to the Administrator (on behalf of the Lender) or as the Administrator (on behalf of the Lender) may direct for application in accordance with Clause 19 (*Payment Mechanics*).

#### **14.8 Release of Guarantors' right of contribution**

If any Guarantor (a **Retiring Guarantor**) ceases to be a Guarantor in accordance with the terms of the Finance Documents for the purpose of any sale or other disposal of that Retiring Guarantor or resigns in accordance with Clause 18.4 (*Resignation of a Guarantor*) then on the date such Retiring Guarantor ceases to be a Guarantor:

- (a) that Retiring Guarantor is released by each other Guarantor from any liability (whether past, present or future and whether actual or contingent) to make a contribution to any other Guarantor arising by reason of the performance by any other Guarantor of its obligations under the Finance Documents; and
- (b) each other Guarantor waives any rights it may have by reason of the performance of its obligations under the Finance Documents to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Lender under any Finance Document or of any other security taken pursuant to, or in connection with, any Finance Document where such rights or security are granted by or in relation to the assets of the Retiring Guarantor.

#### **14.9 Additional security**

This guarantee is in addition to and is not in any way prejudiced by any other guarantee or security now or subsequently held by the Lender.

#### **14.10 Guarantor Intent**

Without prejudice to the generality of Clause 14.4 (*Waiver of Defences*), and subject to applicable law restrictions, each Guarantor expressly confirms that it intends that this guarantee shall extend from time to time to any (however fundamental) variation, increase, extension or addition of or to any of the Finance

Documents and/or any facility or amount made available under any of the Finance Documents for the purposes of or in connection with any of the following: business acquisitions of any nature; increasing working capital; enabling investor distributions to be made; carrying out restructurings; refinancing existing facilities; refinancing any other indebtedness; making facilities available to new borrowers; any other variation or extension of the purposes for which any such facility or amount might be made available from time to time; and any fees, costs and/or expenses associated with any of the foregoing.

#### **14.11 Guarantee Limitations**

This guarantee does not apply to any liability to the extent that it would result in this guarantee constituting unlawful financial assistance within the meaning of sections 678 or 679 of the Act or any equivalent and applicable provisions under the laws of the jurisdiction of incorporation of the relevant Guarantor and, with respect to any Acceding Guarantor, is subject to any limitations set out in the Accession Notice applicable to such Acceding Guarantor.

### **15. INFORMATION AND OTHER UNDERTAKINGS**

The Borrower shall comply with the information undertakings and covenants set out in Schedule 5 (*Covenants*), and all information to be provided by the Borrower under this Clause shall be supplied to the Administrator (on behalf of the Lender).

#### **15.1 “Know your customer” checks**

- (a) If:
  - (a) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation made after the date of this Agreement; or
  - (b) any change in the status of an Obligor or the composition of the shareholders of an Obligor after the date of this Agreement,

obliges the Administrator or the Lender to comply with “know your customer” or similar reasonable identification procedures in circumstances where the necessary information is not already available to it, each Obligor shall promptly upon the request of the Administrator or the Lender supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Administrator or the Lender in order for the Administrator or the Lender, as applicable, to carry out and be satisfied it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to any relevant person pursuant to the transactions contemplated in the Finance Documents.

- (b) The Borrower shall, by not less than ten Business Days’ prior written notice to the Administrator (on behalf of the Lender), notify the Administrator (on behalf of the Lender) of its intention to request that one of its Subsidiaries becomes an Additional Guarantor pursuant to Clause 18 (*Changes to the Obligors*).
- (c) Following the giving of any notice pursuant to paragraph (b) above, if the accession of such Additional Guarantor obliges the Administrator (on behalf of the Lender) to comply with “know your customer” or similar identification procedures in circumstances where the necessary information is not already available to it, the Borrower shall promptly upon the request of the Administrator (on behalf of the Lender) supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Administrator (on behalf of the Lender) to carry out and be satisfied it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to any relevant person pursuant to the accession of such Subsidiary to this Agreement as an Additional Guarantor.

#### **15.2 Notification of default**

The Borrower will deliver to the Administrator (on behalf of the Lender) within 30 days after the occurrence of any Default or Event of Default a certificate signed by one of its directors or senior officers on its behalf specifying such Default or Event of Default, its status and what action, if any, the Borrower is taking or proposes to take with respect thereto.

## 16. EVENTS OF DEFAULT

### 16.1 Events of default

Each of the events or circumstances set out in Schedule 6 (*Events of Default*) is an Event of Default.

### 16.2 Acceleration

On and at any time after the occurrence of an Event of Default where such event is continuing the Lender may by notice to the Borrower:

- (a) cancel the Total Commitments at which time they shall immediately be cancelled;
- (b) declare that all or part of the Loans, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, at which time they shall become immediately due and payable;
- (c) declare that all or part of the Loans be payable on demand, at which time they shall immediately become payable on demand by the Lender; and/or
- (d) exercise any or all of its rights, remedies, powers or discretions under the Finance Documents.

## 17. CHANGES TO THE LENDER

- (a) Subject to paragraph (b) below, the Lender may not assign any of its rights or transfer by novation any of its rights and obligations under any Finance Document without the prior written consent of the Borrower.
- (b) The Lender may without consulting with or obtaining consent from any Obligor, at any time charge, assign or otherwise create a security interest in or over (whether by way of collateral or otherwise) all or any of its rights under any Finance Document to secure obligations of the Lender in relation to the Notes except that no such charge, assignment or security interest shall:
  - (i) release the Lender from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant charge, assignment or security interest for the Lender as a party to any of the Finance Documents; or
  - (ii) require any payments to be made by an Obligor or grant to any person any more extensive rights than those required to be made or granted to the Lender under the Finance Documents.

## 18. CHANGES TO THE OBLIGORS

### 18.1 Assignment and transfers by Obligors

No Obligor may assign any of its rights or transfer any of its rights or obligations under the Finance Documents other than as permitted under Schedule 5 (*Covenants*).

### 18.2 Permitted Affiliate Designation

The Borrower may provide the Administrator (on behalf of the Lender) with notice that it wishes to include any Affiliate (the “**Permitted Affiliate Parent**”) of the Borrower and the Subsidiaries of any such Permitted Affiliate Parent as members of the Group for the purposes of this Agreement. Such Affiliate shall become a Permitted Affiliate Parent for the purposes of this Agreement upon confirmation from the Administrator (on behalf of the Lender) to the Borrower that:

- (a) such Affiliate has complied with the requirements of Clause 18.3 (*Additional Guarantors*) and such Affiliate has acceded to this Agreement as a Guarantor;
- (b) the Borrower has delivered a certificate to the Administrator (on behalf of the Lender) signed by an authorised signatory of the Borrower which certifies that:
  - (i) the designation of such Affiliate as a Permitted Affiliate Parent under this Agreement will not:
    - (A) materially and adversely affect the guarantees provided in relation to the liabilities under this Agreement; or
    - (B) result in the Lender becoming structurally subordinated in right of payment to lenders to the Permitted Affiliate Parent and its Subsidiaries; and

- (ii) the Consolidated Net Leverage Ratio (as defined in Schedule 7 (*Additional Definitions*)) calculated on a pro forma basis and giving effect to the designation of such Affiliate as a Permitted Affiliate Parent would not exceed 5.0 to 1.0; and
- (c) the Borrower has given written notice to the Administrator (on behalf of the Lender) identifying a person that is a Holding Company of the Borrower and each Permitted Affiliate Parent as the common Holding Company for the purposes of this Agreement (the **Common Holding Company**).

### 18.3 Additional Guarantors

- (a) Subject to compliance with the provisions of paragraph (b) of Clause 15.1 (*"Know your customer"* checks), the Borrower may request that any Permitted Affiliate Parent or member of the Group become a Guarantor.
- (b) The Borrower shall ensure that any person that becomes a Receivables Obligor promptly and in any event within 60 Business Days of the date that person becomes a Receivables Obligor, becomes a Guarantor.
- (c) A Receivables Obligor, the Permitted Affiliate Parent or a member of the Group shall become an Additional Guarantor if:
  - (i) the Borrower and the proposed Additional Guarantor deliver to the Administrator (on behalf of the Lender) a duly completed and executed Obligor Accession Agreement; and
  - (ii) the Administrator (on behalf of the Lender) has received documents and other evidence listed in Part 2 of Schedule 2 (*Conditions Precedent*) in relation to that Additional Guarantor in a form that appears in the opinion of the Administrator (on behalf of the Lender) acting reasonably to comply with the requirements therein.
- (d) The Administrator (on behalf of the Lender) shall notify the Borrower promptly upon being satisfied that it has received (in a form that appears in the opinion of the Administrator (on behalf of the Lender) acting reasonably to comply with the requirements therein) all the documents and other evidence listed in Part 2 of Schedule 2 (*Conditions Precedent*).

### 18.4 Resignation of a Guarantor

- (a) The Borrower may request that a Guarantor (other than the Borrower) ceases to be a Guarantor by delivering to the Administrator (on behalf of the Lender) a Resignation Letter if:
  - (i) other than in the case of a Guarantor that is a Receivables Obligor unless such Guarantor will cease to be a Receivables Obligor within 30 days of that Resignation Letter, the Borrower or a Permitted Affiliate Parent has ceased to own more than 50.1% of the shares in that Guarantor or will cease to own more than 50.1% of the shares in that Guarantor within 30 days of the date of that Resignation Letter and the Borrower has confirmed this is the case; or
  - (ii) a Guarantor has ceased to be a Receivables Obligor and the Borrower has confirmed by notice to the Administrator (on behalf of the Lender) this is the case; or
  - (iii) to the extent such resignation is not pursuant to Clause 18.4(a)(i) or (ii) above, the Administrator has consented to the resignation of that Guarantor; *provided that*, the Administrator shall consent to a resignation pursuant to this Clause 18.4(a)(iii) if such Resignation Letter includes an additional confirmation from the Borrower that such proposed resignation of that Guarantor complies with, and will not result in a default under, the terms and conditions of the other applicable Transaction Documents.
- (b) The Administrator (on behalf of the Lender) shall accept a Resignation Letter and notify the Borrower of its acceptance if:
  - (i) the Borrower has confirmed that no Default is continuing or would result from the acceptance of the Resignation Letter; and
  - (ii) no payment is due from the Guarantor under Clause 14 (*Guarantee and Indemnity*).
- (c) The resignation of that Guarantor shall not be effective until the date that the Administrator (on behalf of the Lender) notifies the Borrower that it accepts the Resignation Letter or the date that the



Administrator's (on behalf of the Lender) consent is obtained at which time that company shall cease to be a Guarantor and shall have no further rights or obligations under the Finance Documents as a Guarantor.

- (d) Notwithstanding paragraphs (a) to (c) above and subject to paragraph (e) below, the guarantee under this Agreement of a Guarantor (other than the Borrower) shall be automatically released (and the relevant Guarantor shall cease to be a Guarantor and shall have no further rights or obligations under the Finance Documents as a Guarantor at the time of such release as appropriate):
  - (i) in the case of a Guarantor that is prohibited or restricted by applicable law from guaranteeing any obligations under the Finance Documents (other than customary legal and contractual limitations on the guarantee of such Guarantor substantially similar to those provided for in this Agreement); *provided* that such guarantee will be released as a whole or in part to the extent it is necessary to achieve compliance with such prohibition or restriction;
  - (ii) other than in the case of a Guarantor which is a Receivables Obligor unless such Guarantor will cease to be a Receivables Obligor at the time of such designation, if such Guarantor is designated as an Unrestricted Subsidiary in compliance with Section 4.07 of Schedule 5 (*Covenants*); or
  - (iii) other than in the case of a Guarantor that is a Receivables Obligor unless such Guarantor will cease to be a Receivables Obligor at the time of the relevant transaction, as a result of a transaction permitted by, and in compliance with Section 5.01 of Schedule 5 (*Covenants*).
- (e) In all circumstances described in paragraph (d) above, a guarantee shall only be released if the Borrower has delivered to the Administrator (on behalf of the Lender), at the cost and expense of the Borrower, an Officer's Certificate and an Opinion of Counsel each stating that all conditions precedent provided for in this Agreement (including Schedule 5 (*Covenants*)) relating to any such transaction listed in paragraph (d) above have been complied with.
- (f) Save where defined in Clause 1.1 (*Definitions*), defined terms used in paragraphs (d) and (e) of this Clause 18.4 shall bear the meaning given to them in Schedule 7 (*Additional Definitions*).
- (g) The provisions of paragraphs (d) and (e) of this Clause 18.4 are to be interpreted in accordance with New York law (without prejudice to the fact that the Finance Documents are to be governed by English law).
- (h) The Lender shall, at the cost of the Borrower, execute such documents as may be required or desirable to effect any such release of guarantee and resignation of the relevant Guarantor under this Clause 18.4.

## **19. PAYMENT MECHANICS**

### **19.1 Payments to the Lender**

- (a) On each date on which an Obligor is required to make a payment under a Finance Document that Obligor shall make the same available to the Lender or the Administrator (as applicable) (unless expressly provided to the contrary in a Finance Document including where a Finance Document states that a payment shall be made on a cashless basis) for value on the due date at the time and in such funds specified by the Administrator (on behalf of the Lender or itself, as applicable) as being customary at the time for settlement of transactions in the relevant currency in the place of payment.
- (b) Payment shall be made to such account in a principal financial centre in a Participating Member State or London with such bank as the Administrator (on behalf of the Lender or itself, as applicable) specifies.

### **19.2 No set-off by Obligors**

All payments to be made by an Obligor under the Finance Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

### **19.3 Business Days**

- (a) Any payment which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).

- (b) During any extension of the due date for payment of any principal or Unpaid Sum under this Agreement interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.

#### **19.4 Currency of account**

- (a) A repayment of a Loan or Unpaid Sum or a part of a Loan or Unpaid Sum shall be made in Sterling or the currency in which that Loan was made.
- (b) Each payment of interest shall be made in the currency in which the sum in respect of which the interest is payable was denominated when that interest accrued.
- (c) Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.
- (d) Any amount expressed to be payable in a currency other than Sterling shall be paid in that other currency.

#### **20. SET-OFF**

A Finance Party may, at its discretion but not in the ordinary course of arrangements prescribed in the Transaction Documents, set off any matured obligation due from an Obligor under the Finance Documents (to the extent beneficially owned by that Finance Party) against any matured obligation owed by that Finance Party to that Obligor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, that Finance Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

#### **21. NOTICES**

##### **21.1 Communications in writing**

Any communication to be made under or in connection with the Finance Documents shall be made in writing and, unless otherwise stated, may be made by fax, email or letter.

##### **21.2 Addresses**

The address, email address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with the Finance Documents is:

- (a) in the case of each Obligor, that identified with its signature below or any substitute address, email address, fax number or department or officer as the Obligor's Agent may notify to the Administrator (on behalf of the Lender) by not less than five Business Days' notice;
- (b) in the case of the Administrator, that identified with its signature below or any substitute address, email address, fax number or department or officer as the Administrator may notify to the Obligor's Agent by not less than five Business Days' notice;
- (c) in the case of the Lender, that identified with its signature below or any substitute address, email address, fax number or department or officer as the Lender may notify to the Administrator and the Borrower by not less than five Business Days' notice.

##### **21.3 Delivery**

- (a) Any communication or document made or delivered by one person to another under or in connection with the Finance Documents will only be effective:
  - (i) if by way of fax, when received in legible form;
  - (ii) if by way of letter, when it has been left at the relevant address or five Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address; or
  - (iii) if by way of email, when the email is received,and, if a particular department or officer is specified as part of its address details provided under Clause 21.2 (*Addresses*), if addressed to that department or officer.

- (b) Any communication or document to be made or delivered to the Administrator (on behalf of the Lender) will be effective only when actually received by the Administrator and then only if it is expressly marked for the attention of the department or officer identified with the Administrator's signature below (or any substitute department or officer as the Administrator shall specify for this purpose).
- (c) All notices from or to an Obligor shall be sent through the Administrator.

#### **21.4 Notification of address, email address and fax number**

Promptly upon receipt of notification of an address, email address and fax number, or change of address, email address or fax number pursuant to Clause 21.2 (*Addresses*) or changing its own address, email address or fax number, the Administrator shall notify the other Parties.

#### **21.5 Use of websites**

- (a) An Obligor may satisfy its obligation under any Finance Document to deliver any information by posting such information onto an electronic website designated by the Borrower and the Administrator (on behalf of the Lender) (the "**Designated Website**") if:
  - (i) both the Borrower and the Administrator (on behalf of the Lender) are aware of the address of and any relevant password specifications for the Designated Website; and
  - (ii) the information is in a format previously agreed between the Borrower and the Administrator (on behalf of the Lender).

In any event the Borrower shall at its own cost supply the Administrator (on behalf of the Lender) with at least one copy in paper form of any information required to be provided by it.

- (b) The Borrower shall promptly upon becoming aware of its occurrence notify the Administrator (on behalf of the Lender) if:
  - (i) the Designated Website cannot be accessed due to technical failure;
  - (ii) the password specifications for the Designated Website change;
  - (iii) any new information which is required to be provided under any Finance Document is posted onto the Designated Website;
  - (iv) any existing information which has been provided under any Finance Document and posted onto the Designated Website is amended; or
  - (v) the Borrower becomes aware that the Designated Website or any information posted onto the Designated Website is or has been infected by any electronic virus or similar software.

If the Borrower notifies the Administrator (on behalf of the Lender) under paragraph (b)(i) or paragraph (b)(v) above, all information to be provided by the Borrower under this Agreement after the date of that notice shall be supplied in paper form unless and until the Administrator (on behalf of the Lender) is satisfied that the circumstances giving rise to the notification are no longer continuing.

#### **21.6 English language**

Each communication and document made or delivered by one party to another pursuant to any Finance Document shall be in the English language or accompanied by a translation of it into English certified (by an officer of the person making or delivering the same) as being a true and accurate translation of it.

### **22. ADMINISTRATOR**

- (a) The Lender has appointed the Administrator to act as its agent pursuant to the terms of the Account Bank and Agency Agreement.
- (b) The Lender and the Borrower acknowledge that the Lender has authorised the Administrator to perform the duties, obligations and responsibilities and to exercise the rights, powers, authorities and discretions specifically given to the Administrator under or in connection with the Finance Documents together with any other incidental rights, powers, authorities and discretions and in so acting, the Administrator shall have the benefit of the rights, powers, protections, authorities and indemnities conferred on it in the Agency and Account Bank Agreement.

- (c) Any calculation by the Administrator of an amount under any Finance Document shall be made in good faith and, in the absence of manifest error, shall be conclusive evidence of the matter to which it relates.

## **23. CALCULATIONS AND CERTIFICATES**

### **23.1 Accounts**

In any litigation or arbitration proceedings arising out of or in connection with a Finance Document, the entries made in the accounts maintained by a Finance Party are *prima facie* evidence of the matters to which they relate.

### **23.2 Certificates and determinations**

Any certification or determination by a Finance Party of a rate or amount under any Finance Document is, in the absence of manifest error, *prima facie* evidence of the matters to which it relates.

### **23.3 Day count convention**

Any interest, commission or fee accruing under a Finance Document will accrue from day to day and is calculated on the basis of the actual number of days elapsed and a year of 360 days comprised of twelve 30 day months.

## **24. PARTIAL INVALIDITY**

If, at any time, any provision of the Finance Documents is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, such illegality, invalidity or unenforceability shall not affect:

- (a) the legality, validity or enforceability of the remaining provisions of the Finance Documents; or
- (b) the legality, validity or enforceability of such provision under the law of any other jurisdiction.

## **25. LENDER'S LIMITATIONS**

### **25.1 Limited Recourse**

- (a) Notwithstanding any other provisions of this Agreement or any other Transaction Document, the obligations of the Lender to pay amounts due and payable by it in respect of the Facilities to the Obligors or the Administrator and otherwise under this Agreement at any time shall be limited to the proceeds available at such time to make such payments from the net proceeds of realisation of the Lender's assets in accordance with the Priorities of Payment and Condition 3, from time to time. Notwithstanding anything to the contrary in this Agreement or any other Transaction Document, if the net proceeds of realisation of the security constituted by the Notes Trust Deed and the other Notes Security Documents (as defined in the Notes Trust Deed) upon enforcement thereof in accordance with the Conditions and the provisions of the Notes Trust Deed and the other Notes Security Documents (as defined in the Notes Trust Deed) or otherwise are less than the aggregate amount payable by the Lender in respect of the Facilities and otherwise under this Agreement (such negative amount being referred to herein as a "**shortfall**"), the obligations of the Lender in respect of the Facilities and its other obligations in respect of this Agreement in such circumstances will be limited to such net proceeds which, in respect of the proceeds of enforcement of the security constituted by the Notes Trust Deed and the other Notes Security Documents (as defined in Condition 1(a)) shall be applied in accordance with the Priorities of Payment. In such circumstances, any assets of the Lender other than such security (including, without limitation, the Issuer Profit Account and its rights under the Corporate Administration Agreement (each as defined in Condition 1(a)) will not be available for payment of such shortfall which shall be borne by the Obligors and the Administrator, as applicable. The rights of the Obligors and the Administrator to receive any further amounts in respect of such obligations shall be extinguished and none of the Obligors or the Administrator may take any further action to recover such amounts.
- (b) In addition, no recourse under any obligation, covenant, or agreement of the Lender contained in this Agreement shall be had by the Obligors or the Administrator against any shareholder, officer, agent, employee or director of the Lender, by the enforcement of any assessment or by any proceeding, by

virtue of any statute or otherwise, it being expressly agreed and understood that the obligations under this Agreement are corporate obligations of the Lender. No personal liability shall attach to or be incurred by the shareholders, officers, agents, employees or directors of the Lender, or any of them, under or by reason of any of the obligations, covenants or agreements of the Lender contained in this Agreement, or implied therefrom, and any and all personal liability of every such shareholder, officer, agent, employee or director for breaches by the Lender of any such obligations, covenants or agreements, either at law or by statute or constitution, of every such shareholder, officer, agent, employee or director is hereby deemed expressly waived by the other parties to this Agreement.

- (c) The directors of the Lender have no obligation to the Obligors or the Administrator for payment of any amount by the Lender in respect of the Facilities.

## **25.2 Non-Petition**

None of the Obligors or the Administrator (nor any other person acting on behalf of any of them) shall be entitled at any time to institute against the Lender, or join in any institution against the Lender of, any bankruptcy, reorganisation, arrangement, insolvency, examinership, winding-up or liquidation proceedings or other proceedings under any applicable bankruptcy or similar law in connection with any obligations of the Lender relating to the Facilities, this Agreement or otherwise owed to the Obligors or the Administrator, save for lodging a claim in the liquidation of the Lender which is initiated by another non-affiliated party or taking proceedings to obtain a declaration or judgment as to the obligations of the Lender.

## **25.3 Survival**

This Clause 25 (*Lender's Limitations*) shall survive termination of this Agreement.

## **26. REMEDIES AND WAIVERS**

No failure to exercise, nor any delay in exercising, on the part of any Finance Party, any right or remedy under the Finance Documents shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

## **27. AMENDMENTS AND WAIVERS**

Any term of the Finance Documents may be amended or waived only with the consent of the Lender and the Borrower.

## **28. TERMINATION OF CERTAIN PROVISIONS**

Save as otherwise provided in this Agreement, the obligations of the Obligors under this Agreement shall only terminate on the repayment and cancellation in full of all amounts and Commitments outstanding under the Finance Documents (including, for the avoidance of doubt, any accrued but unpaid fees, costs and expenses).

## **29. COUNTERPARTS**

Each Finance Document may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

## **30. GOVERNING LAW**

This Agreement, including all non-contractual obligations arising out of or in connection with it, shall be governed by, and construed in accordance with, English law.

## **31. ENFORCEMENT**

### **31.1 Courts**

Each of the parties to this Agreement irrevocably agrees for the benefit of each of the Finance Parties that the courts of England shall have exclusive jurisdiction to hear and determine any suit, action or proceedings,

and to settle any disputes, which may arise out of or in connection with this Agreement or any non-contractual obligation arising out of or in connection with this Agreement (respectively “**Proceedings**” and “**Disputes**”) and, for such purposes, irrevocably submits to the jurisdiction of such courts.

### **31.2 Waiver**

Each of the Obligors irrevocably waives any objection which it might now or hereafter have to Proceedings being brought or Disputes settled in the courts of England and agrees not to claim that any such court is an inconvenient or inappropriate forum.

### **31.3 Service of process**

The Lender and each of the Obligors which is not incorporated in England agrees that the process by which any Proceedings are begun may be served on it by being delivered in connection with any Proceedings in England, to the Borrower at its registered office for the time being and the Borrower, by its signature to this Agreement, accepts its appointment as such in respect of the Lender and each such Obligor. If the appointment of the person mentioned in this Clause 31.3 (*Service of Process*) ceases to be effective in respect of the Lender or any of the Obligors (as applicable) the Lender or the relevant Obligor (as applicable) shall immediately appoint a further person in England to accept service of process on its behalf in England and, failing such appointment within 15 days, the Administrator shall be entitled to appoint such person by notice to the Lender or the relevant Obligor (as applicable). Nothing contained in this Agreement shall affect the right to serve process in any other manner permitted by law.

### **31.4 Proceedings in Other Jurisdictions**

Nothing in Clause 31.1 (*Courts*) shall (and shall not be construed so as to) limit the right of the Finance Parties or any of them to take Proceedings against any of the Obligors in any other court of competent jurisdiction nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by applicable law.

### **31.5 General Consent**

Each of the Obligors consents generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such proceedings including the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which may be made or given in such proceedings.

### **31.6 Waiver of Immunity**

To the extent that any Obligor may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that in any such jurisdiction there may be attributed to itself, its assets or revenues such immunity (whether or not claimed), such Obligor irrevocably agrees not to claim, and irrevocably waives, such immunity to the full extent permitted by the laws of such jurisdiction.

## **32. COMPLETE AGREEMENT**

The Finance Documents contain the complete agreement between the Parties on the matters to which they relate and supersede all prior commitments, agreements and undertakings, whether written or oral, on those matters.

**THIS AGREEMENT** has been entered into on the date stated at the beginning of this Agreement.



**SCHEDULE 1**  
**THE ORIGINAL GUARANTORS**

<b><u>Name of Original Guarantor</u></b>	<b><u>Jurisdiction of incorporation</u></b>	<b><u>Registration number (or equivalent, if any)</u></b>
Virgin Media Investment Holdings Limited	England	03173552
Virgin Media Limited	England	02591237
Virgin Mobile Telecoms Limited	England	03707664
Virgin Media Senior Investments Limited	England	10362628

**SCHEDULE 2**  
**CONDITIONS PRECEDENT**

**Part 1: Conditions Precedent to Signing the Agreement**

**1. Corporate Documents**

- (a) A copy of the Constitutional Documents of each Original Obligor.
- (b) A copy of an extract of a resolution of the board of directors (or, if applicable, a committee of the board of directors) (or equivalent) of each Original Obligor:
  - (i) approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and resolving that it execute and, where applicable, deliver and perform the Finance Documents;
  - (ii) authorising a specified person or persons to execute and, where applicable, deliver the Finance Documents to which it is a party on its behalf; and
  - (iii) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices to be signed and/or despatched by it under or in connection with the Finance Documents to which it is party; and
  - (iv) in the case of an Obligor other than the Borrower, authorising the Borrower to act as its agent in connection with the Finance Documents.
- (c) If applicable, a copy of a resolution of the board of directors of the relevant Original Obligor, establishing the committee referred to in paragraph (b) above.
- (d) A specimen of the signature of each person authorised to execute, on behalf of each Original Obligor, the Finance Documents and related documents to which it is a party and to sign and/or despatch all documents and notices to be signed and/or despatched by it under or in connection with such Finance Documents.
- (e) to the extent legally necessary, a copy of a resolution signed by all of the holders of the Issued Shares in each Original Guarantor, approving the terms of and the transaction contemplated by, the Finance Documents to which the Original Guarantor is a party.
- (f) A certificate of a director of the Borrower confirming that borrowing or guaranteeing or securing, as appropriate, the Total Commitments will not cause any borrowing, or similar limit binding on any Original Obligor to be exceeded.
- (g) A certificate of an authorised signatory of the Borrower certifying that each copy document relating to it specified in this Part 1 of Schedule 2 is correct, complete and in full force and effect and has not been amended or superseded as at a date no earlier than the date of this Agreement.

**2. Legal opinions**

A legal opinion of Allen & Overy LLP as to English law in relation to, among other matters, the capacity and authority of the Obligors to enter into this Agreement and the enforceability of this Agreement addressed to the initial purchasers of the Notes substantially in the form delivered to the initial purchasers of the Notes prior to the date of this Agreement.

**3. Finance Documents**

A copy of this Agreement executed by the Original Obligors.

## **Part 2: Conditions Precedent Required to be Delivered by an Additional Guarantor**

### **1. Corporate Documents**

- (a) A copy of the Constitutional Documents of the Additional Guarantor.
- (b) A copy of an extract of a resolution of the board of directors (or, if applicable, a committee of the board of directors) (or equivalent) of the Additional Guarantor:
  - (i) approving the terms of, and the transactions contemplated by, the Obligor Accession Agreement and the Finance Documents to which it is a party and resolving that it execute and, where applicable, deliver and perform the Obligor Accession Agreement and any other Finance Document (as applicable) to which it is a party;
  - (ii) authorising a specified person or persons to execute and, where applicable, deliver the Obligor Accession Agreement and other Finance Documents (as applicable) on its behalf; and
  - (iii) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices to be signed and/or despatched by it under or in connection with the Finance Documents to which it is party; and
  - (iv) authorising the Borrower to act as its agent in connection with the Finance Documents.
- (c) If applicable, a copy of a resolution of the board of directors of the relevant Additional Guarantor, establishing the committee referred to in paragraph (b) above.
- (d) A specimen of the signature of each person authorised to execute, on behalf of the Additional Guarantor, the Obligor Accession Agreement and the Finance Documents and related documents to which it is a party and to sign and/or despatch all documents and notices to be signed and/or despatched by it under or in connection with the Obligor Accession Agreement and such Finance Documents.
- (e) To the extent legally necessary, a copy of a resolution signed by all of the holders of the issued Shares in the Additional Guarantor, approving the terms of and the transaction contemplated by, the Obligor Accession Agreement and the Finance Documents to which the Additional Guarantor is a party.
- (f) A certificate of an authorised signatory of the Additional Guarantor confirming that borrowing or guaranteeing or securing, as appropriate, the Total Commitments will not cause any borrowing, or similar limit binding on it to be exceeded.
- (g) A certificate of an authorised signatory of the Additional Guarantor certifying that each copy document relating to it specified in this Part 2 of Schedule 2 is correct, complete and in full force and effect and has not been amended or superseded as at a date no earlier than the date of the Obligor Accession Agreement.

### **2. Legal Opinions**

Such legal opinions as the Administrator (on behalf of the Lender) may reasonably require as to:

- (a) the due incorporation, capacity and authorisation of the relevant Additional Guarantor under the relevant laws of the jurisdiction of organisation or establishment of such Additional Guarantor; and
- (b) the relevant obligations to be assumed by the relevant Additional Guarantor under the Obligor Accession Agreement and this Agreement being legal, valid, binding and enforceable against it under English law.

### SCHEDULE 3 FORM OF OBLIGOR ACCESSION AGREEMENT

To: [ ] as Lender

From: [Subsidiary], [Borrower]

Dated:

Dear Sirs

**£352,000,000 facilities agreement dated [ ] between, among others, Virgin Media Investment Holdings Limited (as Borrower), Virgin Media Limited, Virgin Mobile Telecoms Limited, Virgin Media Senior Investments Limited and Virgin Media Investment Holdings Limited (as Original Guarantors), and Virgin Media Receivables Financing Notes I Designated Activity Company (as Lender) (the Facilities Agreement)**

1. We refer to the Facilities Agreement. This is an Obligor Accession Agreement. Terms defined in the Facilities Agreement have the same meaning in this Obligor Accession Agreement unless given a different meaning in this Obligor Accession Agreement.
2. [●] agrees to become an Additional Guarantor and to be bound by the terms of the Facilities Agreement and the other Finance Documents as an Additional Guarantor pursuant to Clause 18.3 (*Additional Guarantors*) of the Facilities Agreement. [●] is duly incorporated under the laws of [*name of relevant jurisdiction*] and is a limited liability company with registered number [ ].
3. [*Add any necessary guarantee limitation language in relation to the relevant jurisdiction.*]

[●] administrative details are as follows:

Address:

Fax No.:

Attention:

This Obligor Accession Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

[This Obligor Accession Agreement is entered into by deed.]

[Borrower]

[Subsidiary]

#### SCHEDULE 4 FORM OF RESIGNATION LETTER

To: [ ] as Lender

From: [resigning Guarantor] and [Borrower]

Dated:

Dear Sirs

**£352,000,000 facilities agreement dated [ ] between, among others, Virgin Media Investment Holdings Limited (as Borrower), Virgin Media Limited, Virgin Mobile Telecoms Limited, Virgin Media Senior Investments Limited and Virgin Media Investment Holdings Limited (as Original Guarantors), and Virgin Media Receivables Financing Notes I Designated Activity Company (as Lender) (the Facilities Agreement)**

1. We refer to the Facilities Agreement. This is a Resignation Letter. Terms defined in the Facilities Agreement have the same meaning in this Resignation Letter unless given a different meaning in this Resignation Letter.
2. Pursuant to Clause 18.4 (*Resignation of a Guarantor*), we request that [resigning Guarantor] be released from its obligations as a Guarantor under the Facilities Agreement and the Finance Documents.
3. We confirm that:
  - (a) no Default is continuing or would result from the acceptance of this request; and
  - (b) no payment is due from that [resigning Guarantor] under Clause 14 (*Guarantee and Indemnity*).
4. This letter and any non-contractual obligations arising out of or in connection with it are governed by English law.

[Borrower]

[resigning Guarantor]

By:

By:

## SCHEDULE 5

### COVENANTS

Unless otherwise specified herein, (i) references in this Schedule 5 (Covenants) to sections of Section 4 or Section 5 are to those sections of this Schedule 5 (Covenants); (ii) references in this Schedule 5 (Covenants) to sections of Section 6 are to those sections of Schedule 6 (Events of Default); and (iii) defined terms used in this Schedule 5 (Covenants) shall bear the meanings given to them in Schedule 7 (Additional Definitions) or as otherwise given to them in Clause 1.1 (Definitions) of this Agreement. For the avoidance of doubt, the section references in this Schedule 5 (Covenants) are deliberately retained for consistency given the equivalent provisions in indentures entered into by Liberty Global and its Subsidiaries for ease of reference. The provisions of this Schedule are to be interpreted in accordance with New York law (without prejudice to the fact that the Finance Documents are to be governed by English law).

#### Section 4.01 [RESERVED]

#### Section 4.02 [RESERVED]

#### Section 4.03 Reports

(a) The Company or any Permitted Affiliate Parent will provide to the Administrator (acting on behalf of the Lender), and, in each case of clauses (1) and (2) of this Section 4.03(a), will post on the Company's, the Virgin Reporting Entity's or the Ultimate Parent's website (or make similar disclosure) the following; *provided, however*, that to the extent any reports are filed on the SEC's website or on the Company's, the Virgin Reporting Entity's or the Ultimate Parent's website, such reports shall be deemed to be provided to the Administrator (acting on behalf of the Lender):

(1) within 150 days after the end of each fiscal year ending subsequent to the Signing 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 (or if the Virgin Reporting Entity has been in existence for less than two full fiscal years, of the preceding 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 (or if the Virgin Reporting Entity has been in existence for less than two full fiscal years, of the preceding 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 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, (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, any Permitted Affiliate Parent and the Restricted Subsidiaries, taken as a whole.

(b) If the Company or a Permitted Affiliate Parent has designated any of its Subsidiaries as Unrestricted Subsidiaries and any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries constitute Significant Subsidiaries of the Virgin Reporting Entity, then the annual and quarterly information required by Section 4.03(a)(1) and Section 4.03(a)(2) 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 such Unrestricted Subsidiaries separate from the financial condition and results of operations of the Virgin Reporting Entity and its Subsidiaries.

(c) Following any election by the Virgin Reporting Entity to change its accounting principles in accordance with the definition of GAAP set forth in Section 1.01, the annual and quarterly information required by clauses (1) and (2) of Section 4.03(a) shall include any reconciliation presentation required by clause 2(a) of the definition of GAAP set forth in Schedule 7 (Additional Definitions).

(d) Notwithstanding the foregoing, prior to a Permitted Affiliate Group Designation Date, the Company may satisfy its obligations under clauses (1) and (2) of Section 4.03(a) by delivering the corresponding consolidated annual report and quarterly reports of Virgin Media Finance or any Parent of Virgin Media Finance and, following such election, references in this Section 4.03 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). Nothing contained in this Agreement shall preclude the Virgin Reporting Entity from changing its fiscal year.

(e) To the extent that material differences exist between the business, assets, results of operations or financial condition of (i) the Virgin Reporting Entity and (ii) the Company, a Permitted Affiliate Parent and the Restricted Subsidiaries (excluding, for the avoidance of doubt, the effect of any intercompany balances between the Virgin Reporting Entity and the Company, a Permitted Affiliate Parent and the Restricted Subsidiaries), the annual and quarterly reports shall give a reasonably detailed description of such differences and include an unaudited reconciliation of the Virgin Reporting Entity’s financial statements to the financial statements of the Company, a Permitted Affiliate Parent and the Restricted Subsidiaries.

#### **Section 4.04 [RESERVED]**

#### **Section 4.05 [RESERVED]**

#### **Section 4.06 [RESERVED]**

#### **Section 4.07 *Limitation on Restricted Payments***

(a) The Company and any Permitted Affiliate Parent 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, any Permitted Affiliate Parent or any of the Restricted Subsidiaries) except:

(A) dividends or distributions payable in Capital Stock of the Company or a Permitted Affiliate Parent (other than Disqualified Stock) or Subordinated Shareholder Loans; and

(B) dividends or distributions payable to the Company, a Permitted Affiliate Parent or a Restricted Subsidiary (and if such Restricted Subsidiary is not a Wholly Owned Subsidiary of the Company or a Permitted Affiliate Parent, as applicable, 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, any Permitted Affiliate Parent, or any Affiliate Subsidiary or any Parent of the Company or any Permitted Affiliate Parent, held by Persons other than the Company, a Permitted Affiliate Parent 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 Section 4.09(b)(2)); 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 Section 4.07(a)(1) through Section 4.07(a)(4) is referred to herein as a “**Restricted Payment**”), if at the time the Company, such Permitted Affiliate Parent or such Restricted Subsidiary makes such Restricted Payment:

(A) in the case of a Restricted Payment other than a Restricted Investment, an Event of Default shall have occurred and be continuing (or would result therefrom); or

(B) except in the case of a Restricted Investment, if such Restricted Payment is made in reliance on Section 4.07(a)(4)(C)(i) below, the Company, any Permitted Affiliate Parent and the Restricted Subsidiaries are not able to Incur an additional £1.00 of Indebtedness pursuant to Section 4.09(a), 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 declared or made subsequent to July 25, 2006 and not returned or rescinded (excluding all Restricted Payments permitted by Section 4.07(b)) 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 conclusively determined in good faith by the Board of Directors or senior management of the Company or a Permitted Affiliate Parent, of marketable securities, or other property or assets, received by the Company or any Permitted Affiliate Parent 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, a Permitted Affiliate Parent 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, a Permitted Affiliate Parent or any Restricted Subsidiary unless such loans have been repaid with cash on or prior to the date of determination, (B) Excluded Contributions, or (C) any property received in connection with Section 4.07(b)(27));
- (iii) 100% of the aggregate Net Cash Proceeds and the fair market value, as conclusively 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, a Permitted Affiliate Parent or any Restricted Subsidiary from the issuance or sale (other than to the Company, a Permitted Affiliate Parent or a Restricted Subsidiary) by the Company, a Permitted Affiliate Parent 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 or a Permitted Affiliate Parent (other than Disqualified Stock) or Subordinated Shareholder Loans;
- (iv) the amount equal to the net reduction in Restricted Investments made by the Company, any Permitted Affiliate Parent 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, a Permitted Affiliate Parent 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, a Permitted Affiliate Parent 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, a Permitted Affiliate Parent or any Restricted Subsidiary in such Unrestricted Subsidiary,

which amount in each case under this Section 4.07(a)(4)(C)(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 Section 4.07(a)(4)(C)(i) to the extent that it is (at the Company’s option) included under this Section 4.07(a)(4)(C)(iv);

- (v) without duplication of amounts included in Section 4.07(a)(4)(C)(iv), the amount by which Indebtedness of the Company or any Permitted Affiliate Parent is reduced on the Consolidated balance sheet of the Company or any Permitted Affiliate Parent upon the conversion or exchange of any Indebtedness of the Company or such Permitted Affiliate Parent issued after July 25, 2006, which is convertible or exchangeable for Capital Stock (other than Disqualified Stock) of the Company or such Permitted Affiliate Parent, as applicable, issued to Persons not including the Company or such Permitted Affiliate Parent or any of their Restricted Subsidiaries, as applicable (less the amount of any cash or the fair market value of other property or assets distributed by the Company or such Permitted Affiliate Parent upon such conversion or exchange); and
- (vi) 100% of the Net Cash Proceeds and the fair market value (as conclusively determined in accordance with the next succeeding paragraph of this Section 4.07(a)) of marketable securities, or other property or assets, received by the Company, a Permitted Affiliate Parent or any of the Restricted Subsidiaries in connection with: (A) the sale or other disposition (other than to the Company, a Permitted Affiliate Parent or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company, a Permitted Affiliate Parent or any Subsidiary of the Company or of a Permitted Affiliate Parent for the benefit of its employees to the extent funded by the Company, a Permitted Affiliate Parent 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, a Permitted Affiliate Parent or a Restricted Subsidiary; *provided, however*, that no amount will be included in Consolidated Net Income for the purposes of Section 4.07(a)(4)(C)(i) to the extent that it is (at the Company’s option) included under this Section 4.07(a)(4)(C)(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 Signing Date, any Restricted Payment which was not included in the calculation of the amount of Restricted Payments under Section 4.07(a)(3) of the 2006 Indenture shall also not be included in such calculation under Section 4.07(a)(4)(C)(iii) above.

The fair market value of property or assets other than cash, for purposes of this Section 4.07(a), shall be the fair market value thereof as determined conclusively in good faith by the Board of Directors or senior management of the Company or a Permitted Affiliate Parent.

(b) Section 4.07(a) 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 or a Permitted Affiliate Parent 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 proceeds of the sale or issuance within 90 days of, Subordinated Shareholder Loans, or Capital Stock of the Company or a Permitted Affiliate Parent (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, a Permitted Affiliate Parent or any Restricted Subsidiary unless such loans have been repaid with cash on or prior to the date of determination), or a substantially concurrent capital contribution to the Company or a Permitted Affiliate Parent; *provided, however*, that 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 Section 4.07(a)(4)(C)(ii);

(2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Obligations of the Company, a Permitted Affiliate Parent or a Restricted Subsidiary made by exchange for, or out of the proceeds of the sale or issuance within 90 days of, Subordinated Obligations of

the Company, such Permitted Affiliate Parent or such Restricted Subsidiary that is permitted to be Incurred pursuant to Section 4.09 and that in each case constitutes Refinancing Indebtedness;

(3) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Disqualified Stock of the Company, a Permitted Affiliate Parent or a Restricted Subsidiary made by exchange for, or out of the proceeds of the sale or issuance within 90 days of Disqualified Stock of the Company, such Permitted Affiliate Parent or such Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred pursuant to Section 4.09 and that in each case constitutes Refinancing Indebtedness;

(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;

(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, a Permitted Affiliate Parent or any Restricted Subsidiary or any parent of the Company or a Permitted Affiliate Parent held by any existing or former employees or management of the Company, a Permitted Affiliate Parent or any Subsidiary of the Company or of a Permitted Affiliate Parent or their respective 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 Section 4.07(b)(5) 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);

(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 Section 4.09;

(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;

(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; *provided that*, prior to or simultaneously with such purchase, repurchase, redemption, defeasance or other acquisition or retirement, the Company or a Permitted Affiliate Parent has made (or caused to be made) a Change of Control Prepayment Offer and has completed the prepayment of Change of Control Prepayment Loan Amount, together with all accrued and unpaid interest, any additional amounts, and the Change of Control Fee thereon, in accordance with this Agreement;

(B) at a purchase price not greater than 100% of the principal amount thereof in accordance with provisions similar to Section 4.10 of the Existing Senior Secured Notes Indentures or Section 4.10 hereunder; 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 designated a Permitted Affiliate Parent or an Affiliate Subsidiary or was otherwise acquired by the Company, a Permitted Affiliate Parent 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, a Permitted Affiliate Parent or any Restricted Subsidiary in amounts equal to:

(A) the amounts required for any Parent to pay Parent Expenses;

(B) 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, any Permitted Affiliate Parent and the Restricted Subsidiaries;

(C) the amounts required for any Parent to pay Related Taxes or, without duplication, pursuant to the Tax Sharing Agreement; and

(D) amounts constituting payments satisfying the requirements of Section 4.11(b)(11), Section 4.11(b)(12), and Section 4.11(b)(23);

(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 Section 4.07(b)(10);

(11) payments by the Company or a Permitted Affiliate Parent, or loans, advances, dividends or distributions to any Parent to make payments to holders of Capital Stock of the Company, a Permitted Affiliate Parent or any Parent in lieu of the issuance of fractional shares of such Capital Stock;

(12) distributions (including by way of dividend) to a Parent consisting of cash, Capital Stock or other property or assets of a Restricted Subsidiary that is, in each case, held by the Company, a Permitted Affiliate Parent or any Restricted Subsidiary for the sole purpose of transferring such cash, Capital Stock or other assets to the Company, a Permitted Affiliate Parent or any Restricted Subsidiary;

(13) so long as no Default or Event of Default of the type specified in Section 6.01(a)(1) or Section 6.01(a)(2) 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;

(14) Restricted Payments in an aggregate amount at any time outstanding, when taken together with all other Restricted Payments made pursuant to this Section 4.07(b)(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);

(15) Restricted Payments for the purposes of making corresponding payments on:

(A) the Convertible Senior Notes, the Existing Senior Notes and other Indebtedness of Virgin Media Finance or any other Parent that is guaranteed by the Company, a Permitted Affiliate Parent or any of the Restricted Subsidiaries pursuant to Section 4.09(b)(15);

(B) any other Indebtedness of Virgin Media or any of its Subsidiaries, a Permitted Affiliate Parent or any of its Subsidiaries or any Parent or any of such Parent's Subsidiaries; *provided that* the net proceeds of any such other Indebtedness described in this 4.07(b)(15)(B) are or were (i) 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 that is guaranteed by the Company, a Permitted Affiliate Parent or any of the Restricted Subsidiaries pursuant to Section 4.09(b)(15) or any Indebtedness of the Company, a Permitted Affiliate Parent or any Restricted Subsidiary, in each case, in whole or in part, or (ii) contributed to or otherwise loaned or transferred to the Company, a Permitted Affiliate Parent or any Restricted Subsidiary; and

(C) any other third-party Indebtedness of a Parent provided that the net proceeds of any other such Indebtedness described in this Section 4.07(b)(15)(C) are or were contributed or otherwise loaned or transferred to the Company, a Permitted Affiliate Parent or any Restricted Subsidiary, or such other Indebtedness is otherwise Incurred for the benefit of the Company, a Permitted Affiliate Parent and the Restricted Subsidiaries; and

(D) in each case of Section 4.07(b)(15)(A), Section 4.07(b)(15)(B) and Section 4.07(b)(15)(C), any Refinancing Indebtedness in respect thereof;

(16) the distribution, as a dividend or otherwise, of shares of Capital Stock of or, Indebtedness owed to the Company, any Permitted Affiliate Parent or a Restricted Subsidiary by, Unrestricted Subsidiaries;

(17) following a Public Offering of the Company, any Permitted Affiliate Parent or any Parent, the declaration and payment by the Company, such Permitted Affiliate Parent 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, any Permitted Affiliate Parent or any Parent; *provided that* the aggregate amount of all such dividends or distributions under this Section 4.07(b)(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 a Permitted Affiliate Parent or Parent or contributed to the capital of the Company or a Permitted Affiliate Parent by any Parent 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;

(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, any Permitted Affiliate Parent 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 Section 4.07(b)(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, such Permitted Affiliate Parent 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, any Permitted Affiliate Parent and the Restricted Subsidiaries on a Consolidated basis; *provided further, however*, 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 Section 4.07(a)(4)(C)(iv);

(19) any Restricted Payments on common stock of the Company, a Permitted Affiliate Parent or any Affiliate Subsidiary up to £60.0 million per year;

(20) Restricted Payments at any time outstanding made with the proceeds of any drawings under a Permitted Credit Facility in an amount not to exceed the Credit Facility Excluded Amount, *provided that*, the amount of any Restricted Payment made pursuant to this Section 4.07(b)(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 Credit Facility;

(21) any Business Division Transaction, provided, that after giving pro forma effect thereto, the Company, any Permitted Affiliate Parent and the Restricted Subsidiaries could Incur at least £1.00 of additional Indebtedness under Section 4.09(a);

(22) any prepayment, repayment, repurchase, redemption, retirement, defeasance or other acquisition for value of the Existing Senior Notes and other Indebtedness of Virgin Media Finance or any other Parent that is guaranteed by the Company, any Permitted Affiliate Parent or any of the Restricted Subsidiaries pursuant to Section 4.09(b)(15), 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;

(23) any Restricted Payment from the Company, a Permitted Affiliate Parent or any Restricted Subsidiary to a Parent or any other Subsidiary of a Parent which is not a Restricted Subsidiary; provided that such Subsidiary advances the proceeds of any such Restricted Payment to the Company, a Permitted Affiliate Parent or any other Restricted Subsidiary, as applicable, within three days of receipt thereof and that such Restricted Payments do not exceed an amount equal to 10.0% of Total Assets at any one time;

(24) any Restricted Payments reasonably required in connection with the UPC Ireland Acquisition;

(25) distributions or payments of Receivables Fees and purchases of Receivables pursuant to a Receivables Repurchase Obligation in connection with a Qualified Receivables Transaction;

(26) any Restricted Payments reasonably required to consummate the Post-Closing Reorganizations or any Permitted Financing Action; and

(27) Restricted Payments to finance Investments or other acquisitions by a Parent or any Affiliate (other than the Company, a Permitted Affiliate Parent or a Restricted Subsidiary) which would otherwise be permitted to be made pursuant to this Section 4.07 if made by the Company, a Permitted Affiliate Parent or a Restricted Subsidiary; *provided that* (i) such Restricted Payments shall be made within 120 days of the closing of such Investment or other acquisition, (ii) such Parent or Affiliate shall, prior to or promptly following the date of such Restricted Payment is made, cause (A) all property acquired (whether assets or Capital Stock) to be contributed to the Company, a Permitted Affiliate Parent or a Restricted Subsidiary or (B) the merger, amalgamation, consolidation or sale of the Person formed or acquired into the Company, a Permitted Affiliate Parent or a Restricted Subsidiary (in a manner not prohibited by Section 5.01 in order to consummate such Investment or other acquisition), (iii) such Parent or Affiliate receives no consideration or other payment in connection with such transaction except to the extent the Company, a Permitted Affiliate Parent, or a Restricted Subsidiary could have given such consideration or made such payment in compliance with this Section 4.07 and (iv) any property received in connection with such transaction shall not constitute an Excluded Contribution up to the amount of such Restricted Payment made under this Section 4.07(b)(27).



(c) For purposes of determining compliance with this Section 4.07, in the event that a Restricted Payment meets the criteria of more than one of the categories described in Section 4.07(b)(1) through Section 4.07(b)(26) above, or is permitted pursuant to Section 4.07(a), the Company and any Permitted Affiliate Parent 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 Section 4.07.

(d) 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, such Permitted Affiliate Parent 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 conclusively in good faith by the Board of Directors or senior management of the Company or a Permitted Affiliate Parent.

#### **Section 4.08 *Limitation on Restrictions on Distributions from Restricted Subsidiaries***

(a) The Company and any Permitted Affiliate Parent will not, and will not permit any Restricted Subsidiary (other than Virgin Media Secured Finance, a Permitted Affiliate Parent and 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 Virgin Media Secured Finance, a Permitted Affiliate Parent and 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 Company, any Permitted Affiliate Parent or any Restricted Subsidiary;

(2) make any loans or advances to the Company, any Permitted Affiliate Parent or any Restricted Subsidiary; or

(3) transfer any of its property or assets to the Company, any Permitted Affiliate Parent or any Restricted Subsidiary;

*provided that* (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on Common Stock and (y) the subordination of (including but not limited to, the application of any standstill requirements to) loans or advances made to the Company, any Permitted Affiliate Parent or any Restricted Subsidiary to other Indebtedness Incurred by the Company, any Permitted Affiliate Parent or any Restricted Subsidiary, shall not be deemed to constitute such an encumbrance or restriction.

(b) Section 4.08(a) will not prohibit:

(1) any encumbrance or restriction pursuant to an agreement in effect at or entered into on the Signing Date, including, without limitation, this Agreement, the other Finance Documents, the Payables Financing Program Documents, the Existing Senior Secured Notes Indentures, the Existing Senior Notes Indentures, the Existing Security Documents, the Senior Credit Facility, the Intercreditor Deeds, and in each case, any related documentation, in each case, as in effect on the Signing 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, any Permitted Affiliate Parent or any Restricted Subsidiary, or on which such agreement or instrument is assumed by the Company, any Permitted Affiliate Parent 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 a Permitted Affiliate Parent or was merged or consolidated with or into the Company, a Permitted Affiliate Parent 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, any Permitted Affiliate Parent or any Restricted Subsidiary other than the assets and property so acquired and *provided, further*, that for the purposes of this Section 4.08(b)(2), 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, any Permitted Affiliate Parent 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 Section 4.08(b)(1), Section 4.08(b)(2) or this Section 4.08(b)(3) or contained in any amendment, supplement, restatement or other modification to an agreement referred to in Section 4.08(b)(1), Section 4.08(b)(2) or this Section 4.08(b)(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 Finance Parties than the encumbrances and restrictions contained in such agreements referred to in Section 4.08(b)(1) or Section 4.08(b)(2) (as determined conclusively in good faith by the Board of Directors or senior management of the Company or a Permitted Affiliate Parent);

(4) in the case of Section 4.08(a)(3), 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 this Agreement securing Indebtedness of the Company, a Permitted Affiliate Parent 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, any Permitted Affiliate Parent 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 this Agreement, in each case, that impose encumbrances or restrictions of the nature described in Section 4.08(a)(3) on the property so acquired;

(6) any encumbrance or restriction arising in connection with any Purchase Money Note or other Indebtedness or 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, any Permitted Affiliate Parent 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 Signing Date pursuant to Section 4.09 if (A) the encumbrances and restrictions taken as a whole are not materially less favorable to the Lender than the encumbrances and restrictions contained in this Agreement, the other Finance Documents, the Payables Financing Program Documents, the Existing Senior Secured Notes Indentures, the Existing Senior Notes Indentures, the Existing Security Documents, the Senior Credit Facility, the Intercreditor Deeds, and in each case, any related documentation, in each case, as in effect on the Signing Date (as conclusively determined in good faith by the Board of Directors or senior management of the Company or a Permitted Affiliate Parent) or (B) such encumbrances and restrictions taken as a whole are not materially more disadvantageous to the Lender than is customary in comparable financings (as conclusively determined in good faith by the Board of Directors or senior management of the Company or a Permitted Affiliate Parent) and, in each case, either (i) the Company or a Permitted Affiliate Parent reasonably believes that such encumbrances and restrictions will not materially affect the Borrower's ability to make principal or interest payments on the Loans 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.

#### **Section 4.09 Limitation on Indebtedness**

(a) The Company and any Permitted Affiliate Parent will not, and will not permit any of the Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness); *provided, however*, that the Company, any Permitted Affiliate Parent 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,.

(b) Section 4.09(a) will not prohibit the Incurrence of the following Indebtedness:

(1) Indebtedness of the Company, any Permitted Affiliate Parent and any of the Restricted Subsidiaries under Credit Facilities, and any Refinancing Indebtedness in respect thereof, in the aggregate principal amount at any one time outstanding not to exceed:

(A) an amount equal to the greater of (i) £3,500.0 million plus the amount of any Credit Facilities Incurred under Section 4.09(a) or any other provision of this Section 4.09(b) to acquire any property, other assets or shares of Capital Stock of a Person and (ii) 5.0% of Total Assets; plus

(B) (i) any accrual or accretion of interest that increases the principal amount of Indebtedness under Credit Facilities and (ii) in the case of any refinancing of any Indebtedness permitted under Section 4.09(b)(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 or a Permitted Affiliate Parent 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, a Permitted Affiliate Parent or any 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, a Permitted Affiliate Parent 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, a Permitted Affiliate Parent 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, such Permitted Affiliate Parent or such Restricted Subsidiary, as the case may be;

(3) Indebtedness under this Agreement;

(4) any Indebtedness (other than the Indebtedness described in Section 4.09(b)(1), Section 4.09(b)(2) and Section 4.09(b)(3)) outstanding on the Signing Date;

(5) any Refinancing Indebtedness Incurred in respect of any Indebtedness described in Section 4.09(b)(3), Section 4.09(b)(4), this Section 4.09(b)(5), Section 4.09(b)(6), Section 4.09(b)(8), Section 4.09(b)(15), Section 4.09(b)(16), or Section 4.09(b)(20) or Incurred pursuant to Section 4.09(a);

(6) Indebtedness of the Company, a Permitted Affiliate Parent or a Restricted Subsidiary Incurred after the Signing Date (A) Incurred and outstanding on the date on which such Restricted Subsidiary was acquired by the Company, any Permitted Affiliate Parent or any 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, any Permitted Affiliate Parent or any Restricted Subsidiary; (B) Incurred and outstanding on the date on which such Person was designated as a Permitted Affiliate Parent or an Affiliate Subsidiary; (C) 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 a Permitted Affiliate Parent or was otherwise acquired by the Company, a Permitted Affiliate Parent or a Restricted Subsidiary, or such Person was designated as a Permitted Affiliate Parent or an Affiliate Subsidiary or (D) Incurred and outstanding on the date on which such Restricted Subsidiary was acquired by the Company, a Permitted Affiliate Parent 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, a Permitted Affiliate Parent 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, a Permitted Affiliate Parent or a Restricted Subsidiary); *provided, however*, that with respect to Section 4.09(b)(6)(A), Section 4.09(b)(6)(B) and Section 4.09(b)(6)(C) only, immediately following the consummation of the acquisition of such Restricted Subsidiary by the Company, a Permitted Affiliate Parent or a Restricted Subsidiary or such other transaction, (i) the Company, a Permitted Affiliate Parent and the

Restricted Subsidiaries would have been able to Incur £1.00 of additional Indebtedness pursuant to Section 4.09(a) after giving pro forma effect to the relevant acquisition or other transaction and the Incurrence of such Indebtedness pursuant to this Section 4.09(b)(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, any Permitted Affiliate Parent or the Restricted Subsidiaries, or (B) Virgin Media and its Subsidiaries, and following a Permitted Affiliate Group Designation Date, Virgin Media Parent and its Subsidiaries, in each case, not for speculative purposes (as conclusively determined in good faith by the Board of Directors or senior management of the Company or a Permitted Affiliate Parent);

(8) Indebtedness consisting of (A) mortgage financings, asset backed 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 (including, without limitation, in respect of tenant improvement) of property (real or personal), plant, equipment or other assets (including, without limitation, network assets) used or useful in the business of the Company, a Permitted Affiliate Parent or a Restricted Subsidiary or (B) Indebtedness otherwise Incurred to finance the purchase, lease, rental or cost of design, development, construction, installation or improvement (including, without limitation, in respect of tenant improvement) of property (real or personal), plant, equipment or other assets (including, without limitation, network assets) used or useful in the business of the Company, a Permitted Affiliate Parent or a 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 Section 4.09(b)(8), will not exceed the greater of (i) £250.0 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, casualty or liability insurance, self-insurance obligations, performance, bid, indemnity, surety, judgment, appeal, completion, 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, a Permitted Affiliate Parent or a Restricted Subsidiary or relating to liabilities, obligations or guarantees Incurred in the ordinary course of business (or consistent with past practice or industry practice) or in respect of any government requirement, including, but not limited to, those Incurred to secure health, safety and environmental obligations or rental obligations, (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 (or consistent with past practice or industry practice) or in respect of any government requirement, including, but not limited to, letters of credit or similar instruments in respect of casualty or liability insurance, self-insurance, unemployment insurance, workers compensation obligations, health disability or other benefits, pensions-related obligations and other social security laws, (C) the financing of insurance premiums or take-or-pay obligations contained in supply agreements, in each case, 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, a Permitted Affiliate Parent or a Restricted Subsidiary providing for indemnification, guarantees or obligations in respect of earn-outs or adjustment of purchase price or similar obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business, assets or Capital Stock of the Company, a Permitted Affiliate Parent or 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 (in the case of dispositions) or paid (in the case of acquisitions) by the Company, any Permitted Affiliate Parent and the Restricted Subsidiaries in connection with such disposition or acquisition, as applicable;

(11) Indebtedness arising from (A) Bank Products and (B) 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 in the case of this Section 4.09(b)(11)(B), such Indebtedness is extinguished within thirty Business Days of Incurrence;

(12) guarantees by the Company, a Permitted Affiliate Parent or any Restricted Subsidiary of Indebtedness or any other obligation or liability of the Company, a Permitted Affiliate Parent or any



Restricted Subsidiary (other than of any Indebtedness Incurred in violation of this Section 4.09) provided, however, that if the Indebtedness being guaranteed is subordinated in right of payment to the Obligations, 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 Company, any Permitted Affiliate Parent or any Restricted Subsidiary Incurred pursuant to (A) the guarantees of the Existing Senior Notes, and (B) any guarantees of other Indebtedness of Virgin Media Finance or any other Parent, *provided that* for purposes of this Section 4.09(b)(15): (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 Section 4.09(b)(15) shall include any Indebtedness represented by guarantees by the Company, a Permitted Affiliate Parent or any of the Restricted Subsidiaries of Indebtedness of Virgin Media Finance or any other Parent) and (ii) such guarantees shall be subordinated to the Facilities and the guarantees hereunder;

(16) Indebtedness of the Company, a Permitted Affiliate Parent 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 Section 4.09(b)(16) and then outstanding, will not exceed 100% of the Net Cash Proceeds received by the Company or a Permitted Affiliate Parent from the issuance or sale (other than to the Company, a Permitted Affiliate Parent or a Restricted Subsidiary) of its respective Subordinated Shareholder Loans or Capital Stock or otherwise contributed to the equity of the Company or a Permitted Affiliate Parent, 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 (A) any such Net Cash Proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under Section 4.07(a)(4)(C)(ii), Section 4.07(a)(4)(C)(iii) and Section 4.07(b)(1) to the extent the Company, any Permitted Affiliate Parent or any Restricted Subsidiary Incurs Indebtedness in reliance thereon and (B) any Net Cash Proceeds that are so received or contributed shall be excluded for purposes of Incurring Indebtedness pursuant to this Section 4.09(b)(16) to the extent the Company, a Permitted Affiliate Parent or any Restricted Subsidiary makes a Restricted Payment under Section 4.07(a)(4)(C)(ii), Section 4.07(a)(4)(C)(iii) and Section 4.07(b)(1);

(17) Indebtedness of the Company, any Permitted Affiliate Parent 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 Company, any Permitted Affiliate Parent or any Restricted Subsidiary (including, without limitation, any VAT liabilities));

(18) Indebtedness reasonably necessary to effect the UPC Ireland Acquisition;

(19) (i) Indebtedness with Affiliates reasonably required to effect or consummate the Post-Closing Reorganizations, and (ii) Indebtedness pursuant to any Permitted Financing Action; and

(20) in addition to the items referred to in Section 4.09(b)(1) through Section 4.09(b)(19) above, Indebtedness of the Company, any Permitted Affiliate Parent or 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 Section 4.09(b)(20) and then outstanding, will not exceed the greater of (A) £300.0 million and (B) 3.0% of Total Assets at any time outstanding.

(c) For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this Section 4.09:

(1) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in Section 4.09(a) and Section 4.09(b), 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 Section 4.09(a) and Section 4.09(b), and, from time to time, may reclassify all or a portion of such Indebtedness, in any manner that complies with this Section 4.09;

(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 Section 4.09(a), Section 4.09(b)(1), Section 4.09(b)(16), or Section 4.09(b)(20) 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 a Permitted Affiliate Parent, 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 Section 4.09 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 Section 4.09 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 Section 4.09. 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.

(e) 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 (if swapped into sterling) as of the date of the applicable swap. Notwithstanding any other provision of this Section 4.09, the maximum amount of Indebtedness that the Company, any Permitted Affiliate Parent and the Restricted Subsidiaries may Incur pursuant to this Section 4.09 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.

(f) The Company and any Permitted Affiliate Parent will not Incur, and will not permit any Guarantor to Incur, any Indebtedness that is contractually subordinated in right of payment to any other Indebtedness of the Company, any Permitted Affiliate Parent or any Guarantor unless such Indebtedness is also contractually subordinated in right of payment to the Facilities and, if applicable, the guarantee of the Facilities by the person Incurring such Indebtedness, on substantially identical terms (as conclusively determined in good faith by the Board of Directors or senior management of the Company or the Permitted Affiliate Parent); *provided, however*, that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Company, any Permitted Affiliate Parent, 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.

(g) For purposes of determining compliance with (1) Section 4.09(a) and (2) any other provision of the Finance Documents which requires the calculation of any financial ratio or test, including the Consolidated Net



Leverage Ratio, the Sterling Equivalent principal amount of Indebtedness denominated in a foreign currency (if such Indebtedness has not been swapped into sterling, or if such Indebtedness has been swapped into a currency other than sterling) shall be calculated by the Company 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.

#### **Section 4.10 Limitation on Sales of Assets and Subsidiary Stock**

(a) The Company and any Permitted Affiliate Parent will not, and will not permit any of the Restricted Subsidiaries to, make any Asset Disposition unless:

(1) the Company, such Permitted Affiliate Parent 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 conclusively determined in good faith by the Board of Directors or senior management of the Company or such Permitted Affiliate Parent (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, such Permitted Affiliate Parent 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, such Permitted Affiliate Parent or such Restricted Subsidiary, as the case may be:

(A) to the extent the Company, any Permitted Affiliate Parent 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 (including the Facilities), any Permitted Affiliate Parent 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, a Permitted Affiliate Parent or an Affiliate of the Company or a Permitted Affiliate Parent) 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, such Permitted Affiliate Parent or such Restricted Subsidiary will retire such Indebtedness and will cause the related commitment (if any) (except in the case of any revolving Indebtedness) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid or purchased; or

(B) to the extent the Company, such Permitted Affiliate Parent 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 Section 4.10(a)(3)(A) or Section 4.10(a)(3)(B), the Company, such Permitted Affiliate Parent or such Restricted Subsidiaries may temporarily reduce Indebtedness or otherwise invest such Net Available Cash in any manner not prohibited by this Agreement.

(b) Any Net Available Cash from Asset Dispositions that is not applied or invested or committed to be applied as provided in Section 4.10(a) will be deemed to constitute “**Excess Proceeds**”. Notwithstanding Section 4.10(a), to the extent that the Company, any Permitted Affiliate Parent or the Restricted Subsidiaries comply with the requirements of the Existing Senior Secured Notes Indentures (or any similar terms in an instrument or agreement governing Senior Indebtedness) with respect to the requirement to make an Asset Disposition Offer (as defined in the Existing Senior Secured Notes Indentures) with Excess Proceeds, then the Company, any Permitted Affiliate Parent and the Restricted Subsidiaries shall be deemed to be in compliance with this Section 4.10.

(c) For the purposes of this Section 4.10, the following will be deemed to be cash:

(1) the assumption by the transferee of Indebtedness (other than Subordinated Obligations) of the Company, any Permitted Affiliate Parent or Indebtedness of a Restricted Subsidiary and the release of the Company, such Permitted Affiliate Parent or such Restricted Subsidiary from all liability on such Indebtedness in connection with such Asset Disposition (in which case the Company will, without further action, be deemed to have applied such deemed cash to Indebtedness in accordance with Section 4.10(a)(3)(A));

(2) securities, notes or other obligations received by the Company, any Permitted Affiliate Parent or any Restricted Subsidiary from the transferee that are convertible by the Company, such Permitted Affiliate Parent 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, any Permitted Affiliate Parent and each 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, any Permitted Affiliate Parent or any Restricted Subsidiary;

(5) any Designated Non-Cash Consideration received by the Company, any Permitted Affiliate Parent 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 Section 4.10(c)(1) to 4.10(c)(4)) (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 Section 4.10(c)(5), any Designated Non-Cash Consideration received by the Company, any Permitted Affiliate Parent 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 Section 4.10(c)(6) that is at that time outstanding, not to exceed the greater of (i) £250.0 million and (ii) 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).

#### **Section 4.11 Limitation on Affiliate Transactions**

(a) The Company and any Permitted Affiliate Parent 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 or a Permitted Affiliate Parent (an “**Affiliate Transaction**”) involving aggregate consideration in excess of £50.0 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, such Permitted Affiliate Parent 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 (or, in the event that there are no comparable transactions involving Persons who are not Affiliates of the Company, such Permitted Affiliate Parent or such Restricted Subsidiary to apply for comparative purposes, is otherwise on terms that, taken as a whole, the Company, such Permitted Affiliate Parent or such Restricted Subsidiary has conclusively determined in good faith to be fair to the Company, such Permitted Affiliate Parent or such Restricted Subsidiary); 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 either (i) a majority of the members of the Board of Directors or (ii) the senior management, of the Company, such Permitted Affiliate Parent or such Restricted Subsidiary, as applicable.

(b) Section 4.11(a) will not apply to:

(1) any Restricted Payment permitted to be made pursuant to Section 4.07 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, any Permitted Affiliate Parent, any Restricted Subsidiary 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, in each case in the ordinary course of business;

(3) loans or advances to employees, officers or directors (or guarantees in favour of third parties loans and advances) in the ordinary course of business of the Company, any Permitted Affiliate Parent 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 Signing Date;

(4) (A) any transaction between or among the Company, a Permitted Affiliate Parent 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, a Permitted Affiliate Parent or a Restricted Subsidiary for the benefit of the Company, a Permitted Affiliate Parent 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 Section 4.09;

(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 this Agreement, which, taken as a whole, are fair to the Company, the relevant Permitted Affiliate Parent or Restricted Subsidiary in the reasonable determination of either the Board of Directors or the senior management of the Company, the relevant Permitted Affiliate Parent or 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 or a Permitted Affiliate Parent by the Company, a Permitted Affiliate Parent or any Restricted Subsidiary, *provided that* the terms of such loan or advance are fair to the Company or the relevant Permitted Affiliate Parent or Restricted Subsidiary, as the case may be, 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, executives or officers of any Parent, the Company, a Permitted Affiliate Parent or any Restricted Subsidiary;

(8) the performance of obligations of the Company, any Permitted Affiliate Parent or any of the Restricted Subsidiaries under (A) the terms of any agreement to which the Company, any Permitted Affiliate Parent or any of the Restricted Subsidiaries is a party as of or on the Signing Date or (B) any agreement entered into after the Signing Date on substantially similar terms to an agreement under Section 4.11(b)(8)(A), 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 Signing Date will be permitted to the extent that its terms are not materially more disadvantageous to the Lender than the terms of the agreements in effect on the Signing Date;

(9) any transaction with (i) a Receivables Entity effected as part of a Qualified Receivables Transaction, acquisitions of Permitted Investments in connection with a Qualified Receivables Transaction, and other Investments in Receivables Entities consisting of cash or Securitization Obligations or (ii) with an Affiliate in respect of Non-Recourse Indebtedness;

(10) the issuance of Capital Stock or any options, warrants or other rights to acquire Capital Stock (other than Disqualified Stock) of the Company or a Permitted Affiliate Parent to any Affiliate of the Company or such Permitted Affiliate Parent;

(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, a Permitted Affiliate Parent and their respective Subsidiaries and unpaid amounts accrued for prior periods;

(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 loans, capital market transactions, hedging and other derivative transactions, acquisitions or divestitures, or (3) of Parent Expenses;

(13) guarantees of Indebtedness, hedging and other derivative transactions and other obligations otherwise permitted under this Agreement;

(14) if not otherwise prohibited under this Agreement, 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 or a Permitted Affiliate Parent to any Parent of the Company or a Permitted Affiliate Parent 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 this Agreement; *provided that* the terms and conditions of any such transaction or agreement as applicable to the Company, any Permitted Affiliate Parent and the Restricted Subsidiaries, taken as a whole are fair to the Company, any Permitted Affiliate Parent and the Restricted Subsidiaries and are on terms not materially less favorable to the Company, any Permitted Affiliate Parent 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;

(16) (A) transactions with Affiliates in their capacity as holders of Indebtedness or Capital Stock of the Company, a Permitted Affiliate Parent 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 Company, a Permitted Affiliate Parent 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, a Permitted Affiliate Parent or any other Person or a Restricted Subsidiary not otherwise prohibited by this Agreement and any payments or other transactions pursuant to a tax sharing agreement between the Company, a Permitted Affiliate Parent and any other Person or a Restricted Subsidiary and any other Person with which the Company, a Permitted Affiliate Parent or any of the Restricted Subsidiaries files a consolidated tax return or with which the Company, a Permitted Affiliate Parent 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) the Post-Closing Reorganizations;

(22) any transaction in the ordinary course of business between or among the Company, any Permitted Affiliate Parent or any Restricted Subsidiary and any Affiliate of the Company or a Permitted Affiliate Parent 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, a Permitted Affiliate Parent or a Restricted Subsidiary owns an equity interest in or otherwise controls such Unrestricted Subsidiary, joint venture or similar entity;

(23) commercial contracts entered into in the ordinary course of business between an Affiliate of the Company, a Permitted Affiliate Parent or any Restricted Subsidiary and the Company, a Permitted Affiliate Parent or any Restricted Subsidiary that are on arm's length terms or on a basis that senior management of the Company, a Permitted Affiliate Parent or Restricted Subsidiary reasonably believes allocates costs fairly;

(24) any transactions between the Company, a Permitted Affiliate Parent or any Restricted Subsidiary and the Virgin Reporting Entity or any of its Subsidiaries; and

(25) any Permitted Financing Action.

#### **Section 4.12 Limitation on Liens**

(a) The Company and any Permitted Affiliate Parent 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 (other than Permitted Liens) of any kind securing Indebtedness upon any of their respective property or assets (including Capital Stock of Restricted Subsidiaries), whether owned on the Signing Date or acquired after that date (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 Finance Documents



equally and ratably with (or prior to, in the case of Liens with respect to Subordinated Obligations of the Company, such Permitted Affiliate Parent or a Restricted Subsidiary, as the case may be) the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured.

(b) Any Lien created pursuant to the proviso described in Section 4.12(a) in favor of the Lender will be automatically and unconditionally released and discharged upon (1) the release and discharge of the Initial Lien to which it relates or (2) any sale, exchange or transfer to any Person other than the Company, a Permitted Affiliate Parent or any Restricted Subsidiary of the property or assets secured by such Initial Lien or (3) the full and final payment of all amounts payable by the Borrower under the Finance Documents.

(c) For purposes of determining compliance with this Section 4.12, (1) a Lien need not be Incurred solely by reference to one category of Permitted Liens, but may be Incurred under any combination of such categories (including in part under one such category and in part under any other such category) and (2) in the event that a Lien (or any portion thereof) meets the criteria of one or more of such categories of Permitted Liens, the Company shall, in its sole discretion, divide, classify or may subsequently reclassify at any time such Lien (or any portion thereof) in any manner that complies with this Section 4.12 and the definition of “Permitted Liens”.

(d) With respect to any Lien securing Indebtedness that was permitted to secure such Indebtedness at the time of the Incurrence of such Indebtedness, such Lien shall also be permitted to secure any Increased Amount of such Indebtedness. The “**Increased Amount**” of any Indebtedness shall mean any increase in the amount of such Indebtedness in connection with any accrual of interest, the accretion of accreted value, the amortization of original issue discount, the payment of interest in the form of additional Indebtedness with the same terms or in the form of common stock, the payment of dividends on Preferred Stock in the form of additional shares of Preferred Stock of the same class, accretion of original issue discount or liquidation preference, any fees, underwriting discounts, accrued and unpaid interest, premiums and other costs and expenses incurred in connection therewith and increases in the amount of Indebtedness outstanding solely as a result of fluctuations in the exchange rate of currencies or increases in the value of property securing Indebtedness.

#### **Section 4.13 [RESERVED]**

#### **Section 4.14 [RESERVED]**

#### **Section 4.15 [RESERVED]**

#### **Section 4.16 [RESERVED]**

#### **Section 4.17 [RESERVED]**

#### **Section 4.18 [RESERVED]**

#### **Section 4.19 *Suspension of Covenants on Achievement of Investment Grade Status***

If, during any period after the Signing Date, the Facilities or the corporate rating of the Virgin Group 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 or a Permitted Affiliate Parent will notify the Administrator (acting on behalf of the Lender) of this fact and beginning on the date such status was achieved, the provisions of Sections 4.07, 4.08, 4.09, 4.10, 4.11 and 5.01(a)(3) and any related default provisions of this Agreement will be suspended and will not, during such Investment Grade Status Period, be applicable to the Company, any Permitted Affiliate Parent and the Restricted Subsidiaries. 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 this Agreement 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 Facilities or the corporate rating of the Virgin Group, as the case may be, to maintain Investment Grade Status (the “**Reinstatement Date**”). The Company or a Permitted Affiliate Parent will promptly notify the Administrator (acting on behalf of the Lender) in writing of any failure of the Facilities or the corporate rating of the Virgin Group, as the case may be, to maintain Investment Grade Status and the Reinstatement Date.

**Section 4.20 [RESERVED]**

**Section 4.21 [RESERVED]**

**Section 4.22 [RESERVED]**

**Section 4.23 [RESERVED]**

**Section 4.24 [RESERVED]**

**Section 4.25 *Limited Condition Transaction***

(a) In connection with any action being taken in connection with a Limited Condition Transaction, for purposes of determining compliance with any provision of this Agreement which requires that no Default or Event of Default, as applicable, has occurred, is continuing or would result from any such action, as applicable, such condition shall, at the option of the Company or a Permitted Affiliate Parent, be deemed satisfied, so long as no Default or Event of Default, as applicable, exists on the date the definitive agreement (or other relevant definitive documentation) for such Limited Condition Transaction is entered into. For the avoidance of doubt, if the Company or a Permitted Affiliate Parent has exercised its option under the first sentence of this Section 4.25(a), and any Default or Event of Default occurs following the date such definitive agreement for a Limited Condition Transaction is entered into and prior to the consummation of such Limited Condition Transaction, any such Default or Event of Default shall be deemed to not have occurred or be continuing for purposes of determining whether any action being taken in connection with such Limited Condition Transaction is permitted hereunder.

(b) In connection with any action being taken in connection with a Limited Condition Transaction for purposes of:

- (1) determining compliance with any provision of this Agreement which requires the calculation of any financial ratio or test, including the Consolidated Net Leverage Ratio; or
- (2) testing baskets set forth in this Agreement (including baskets measured as a percentage or multiple, as applicable, of Total Assets or Pro forma EBITDA;

in each case, at the option of the Company or a Permitted Affiliate Parent (the Company's or a Permitted Affiliate Parent's election to exercise such option in connection with any Limited Condition Transaction, an "**LCT Election**"), the date of determination of whether any such action is permitted hereunder, shall be deemed to be the date the definitive agreement (or other relevant definitive documentation) for such Limited Condition Transaction is entered into (the "**LCT Test Date**"); *provided, however*, that the Company or a Permitted Affiliate Parent shall be entitled to subsequently elect, in its sole discretion, the date of consummation of such Limited Condition Transaction instead of the LCT Test Date as the applicable date of determination, and if, after giving pro forma effect to the Limited Condition Transaction and the other transactions to be entered into in connection therewith (including any Incurrence of Indebtedness and the use of proceeds thereof), as are appropriate and consistent with the pro forma adjustment provisions set forth in the definition of "Pro forma EBITDA" and "Consolidated Net Leverage Ratio", the Company, a Permitted Affiliate Parent or any Restricted Subsidiary could have taken such action on the relevant LCT Test Date in compliance with such ratio, test or basket, such ratio, test or basket shall be deemed to have been complied with.

(c) If the Company or a Permitted Affiliate Parent has made an LCT Election and any of the ratios, tests or baskets for which compliance was determined or tested as of the LCT Test Date are exceeded as a result of fluctuations in any such ratio, test or basket, including due to fluctuations in Pro forma EBITDA or Total Assets, of the Company, a Permitted Affiliate Parent and the Restricted Subsidiaries or the Person or assets subject to the Limited Condition Transaction (as at each reference to the "Company" or a "Permitted Affiliate Parent" in such definition was to such Person or assets) at or prior to the consummation of the relevant transaction or action, such baskets or ratios will not be deemed to have been exceeded as a result of such fluctuations. If the Company or a Permitted Affiliate Parent has made an LCT Election for any Limited Condition Transaction, then in connection with any subsequent calculation of any ratio, test or basket availability under this Agreement (including with respect to the Incurrence of Indebtedness or Liens, or the making of Asset Dispositions, acquisitions, mergers, the conveyance, lease or other transfer of all or substantially all of the assets of the Company, a Permitted Affiliate Parent or any Restricted Subsidiary or the designation of an Unrestricted Subsidiary) on or following the



relevant LCT Test Date and prior to the earlier of the date on which such Limited Condition Transaction is consummated or the definitive agreement for such Limited Condition Transaction is terminated or expires without consummation of such Limited Condition Transaction, any such ratio, test or basket shall be calculated on a pro forma basis assuming such Limited Condition Transaction and other transactions in connection therewith (including any Incurrence of Indebtedness and the use of proceeds thereof) have been consummated.

### **Section 5.01 Merger and Consolidation**

(a) The Borrower 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 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 England and Wales, any member state of the European Union that is a member of the European Union on the Signing 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 Borrower) will expressly assume, by executing and delivering an accession agreement to this Agreement, to the Administrator (acting on behalf of the Lender), in form satisfactory to the Administrator (acting on behalf of the Lender) acting reasonably, all the obligations of the Borrower under the Finance Documents to which it is a party;

(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, any Permitted Affiliate Parent and the Restricted Subsidiaries, or such Successor Company would be able to Incur at least an additional £1.00 of Indebtedness pursuant to Section 4.09(a) or (B) the Consolidated Net Leverage Ratio of the Company, any Permitted Affiliate Parent and the Restricted Subsidiaries (including such Successor Company) or such Successor Company would be no greater than that of the Company and any Permitted Affiliate Parent immediately prior to giving effect to such transaction; and

(4) the Company shall have delivered to the Administrator (acting on behalf of the Lender) an Officer’s Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer complies with this Agreement; *provided that* in giving such opinion, such counsel may rely on an Officer’s Certificate as to compliance with Section 5.01(a)(2) and Section 5.01(a)(3) above and as to any matters of fact.

(b) A 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, a Permitted Affiliate Parent or another Guarantor (other than in connection with a transaction that does not constitute an Asset Disposition or a transaction that is permitted under Section 4.10), unless:

(1) immediately after giving effect to such 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 the Finance Documents to which such Guarantor is a party pursuant to agreements reasonably satisfactory to the Administrator (acting on behalf of the Lender); or

(B) the Net Cash Proceeds of such sale or other disposition are applied in accordance with the applicable provisions of this Indenture.

(c) For purposes of this Section 5.01, 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 Borrower or a Guarantor which properties and assets, if held by the Borrower or such Guarantor, as applicable, instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Borrower 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 Borrower or such Guarantor, as applicable.

(d) The Successor Company will succeed to, and be substituted for, and may exercise every right and power of, the Borrower or the relevant Guarantor, as the case may be, under the Finance Documents, and upon such substitution, the predecessor to the Successor Company will be released from its obligations under the Finance Documents, but, in the case of a lease of all or substantially all its assets, the predecessor to the Successor Company will not be released from the obligation to pay the principal of and interest on the Facilities.

(e) The provisions set forth in this Section 5.01 shall not restrict (and shall not apply to): (1) any Restricted Subsidiary that is not a Guarantor from consolidating with, merging or liquidating into or transferring all or substantially all of its properties and assets to the Company, a Permitted Affiliate Parent, a Guarantor or any other Restricted Subsidiary that is not a Guarantor; (2) any Guarantor from merging or liquidating into or transferring all or part of its properties and assets to the Company, a Permitted Affiliate Parent or another Guarantor; (3) any consolidation or merger of the Borrower into any Guarantor, provided that, for the purposes of this clause (3) of Section 5.01(e), if the Borrower is not the surviving entity of such merger or consolidation, the relevant Guarantor will assume the obligations of the Borrower under the Finance Documents and clauses (1) and (4) under Section 5.01(a) shall apply to such transaction; (4) any consolidation, merger or transfer of assets effected as part of the Post-Closing Reorganizations; and (5) the Borrower 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 (5) of Section 5.01(e), clauses (1), (2) and (4) under Section 5.01(a) or clauses (1) or (2) under Section 5.01(b), as the case may be, shall apply to any such transaction.

## SCHEDULE 6

### EVENTS OF DEFAULT

Unless otherwise specified herein, (i) references in this Schedule 6 (Events of Default) to sections of Section 4 or Section 5 are to those sections of Schedule 5 (Covenants) and (ii) defined terms used in this Schedule 6 (Events of Default) shall bear the meanings given to them in Schedule 7 (Additional Definitions) or as otherwise given to them in Clause 1.1 (Definitions) of this Agreement. The provisions of this Schedule are to be interpreted in accordance with New York law (without prejudice to the fact that the Finance Documents are to be governed by English law).

#### Section 6.01 *Events of Default*

(a) Each of the following is an “Event of Default”:

- (1) default in any payment of interest on any Loan when due, which has continued for 30 days;
- (2) default in the payment of principal of or premium, if any, on any Loan when due at its Termination Date, upon mandatory prepayment, or otherwise;
- (3) failure by any Obligor to comply for 60 days after notice specified in this Agreement with its other agreements contained in the Finance Documents; *provided, however*, that the Company or a Permitted Affiliate Parent 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 Section 4.03 so long as the Company or a Permitted Affiliate Parent is, as applicable, 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, any Permitted Affiliate Parent or any of the Restricted Subsidiaries (or the payment of which is guaranteed by the Company, any Permitted Affiliate Parent or any of the Restricted Subsidiaries), other than Indebtedness owed to the Company, a Permitted Affiliate Parent or a Restricted Subsidiary, whether such Indebtedness or guarantee now exists, or is created after the Signing 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) (A) a proceeding is commenced seeking a decree or order for (i) relief in respect of the Company, any Permitted Affiliate Parent, a Significant Subsidiary, or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements delivered pursuant to Section 4.03), would constitute a Significant Subsidiary, in an involuntary case under any applicable Bankruptcy Law, (ii) appointment of a receiver, liquidator, assignee, custodian, trustee, examiner, administrator, sequestrator or similar official of the Company, any Permitted Affiliate Parent, a Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements delivered pursuant to Section 4.03), would constitute a Significant Subsidiary, or for all or substantially all of the property and assets of the Company, any Permitted Affiliate Parent, a Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements delivered pursuant to Section 4.03), would constitute a Significant Subsidiary, or (iii) the winding up or liquidation of the affairs of the Company, any Permitted Affiliate Parent, a Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements delivered pursuant to Section 4.03), would constitute a Significant Subsidiary (other than a solvent winding up or liquidation in connection with a transfer of assets among the Company, any Permitted Affiliate Parent and the Restricted Subsidiaries) and, in each case, such proceeding shall remain unstayed and in effect for a period of 30 consecutive days; or (B) other than in relation to a solvent winding up or liquidation in connection with a transfer of assets among the Company and the Restricted Subsidiaries, the Company, any Permitted Affiliate Parent, a Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements delivered pursuant to Section 4.03), would constitute a Significant Subsidiary (i) commences a voluntary case (including taking any action for the

purpose of winding up) under any applicable Bankruptcy Law, or consents to the entry of an order for relief in an involuntary case under any such law, (ii) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, examiner, administrator, sequestrator or similar official of the Company, any Permitted Affiliate Parent, a Significant Subsidiary, or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements delivered pursuant to Section 4.03), would constitute a Significant Subsidiary, or for all or substantially all of the property and assets of the Company, any Permitted Affiliate Parent, a Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements delivered pursuant to Section 4.03), would constitute a Significant Subsidiary, or (iii) effects any general assignment for the benefit of creditors;

(6) failure by the Company, a Permitted Affiliate Parent or any 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 guarantee of the Finance Documents (pursuant to Clause 14 of this Agreement) of a Significant Subsidiary ceases to be in full force and effect (except in accordance with the terms of this Agreement) or is declared invalid or unenforceable in a judicial proceeding and such Default continues for 30 days after notice specified in this Agreement.

However, a default under Section 6.01(a)(3) or Section 6.01(7) will not constitute an Event of Default until the Administrator (acting on behalf of the Lender) notifies the Company of the default and the Company does not cure such default within the time specified in Section 6.01(a)(3) or Section 6.01(7) after receipt of such notice.

## SCHEDULE 7

### ADDITIONAL DEFINITIONS

Unless otherwise specified herein, (i) references in this Schedule 7 (Additional Definitions) to sections of Section 4 or Section 5 are to those sections of Schedule 5 (Covenants); (ii) references in this Schedule 7 to sections of Section 6 are to those sections of Schedule 6 (Events of Default); and (iii) defined terms used in this Schedule 7 (Additional Definitions) shall bear the meanings given to them in this Schedule 7 (Additional Definitions) or as otherwise given to them in Clause 1.1 (Definitions) of this Agreement. The provisions of this Schedule 7 (Additional Definitions) are to be interpreted in accordance with New York law (without prejudice to the fact that the Finance Documents are to be governed by English law).

*“2006 Indenture”* means the indenture dated as of July 25, 2006 between Virgin Media Secured Finance plc, 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 (1) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary or (2) 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 (1) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary and, with respect to clause (2) 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 Company, a Permitted Affiliate Parent 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, a Permitted Affiliate Parent 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 (1) ntl Kirklees, a private unlimited company incorporated under the laws of England and Wales, (2) ntl Glasgow, a private unlimited company incorporated under the laws of Scotland, each of which is an indirect Subsidiary of Virgin Media and (iii) any Subsidiary of the Ultimate Parent (other than a Subsidiary of the Company or a Permitted Affiliate Parent) that provides a guarantee hereunder following the Signing 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 or shares required by applicable law to be held by a Person other than the Company, a Permitted Affiliate Parent or a Restricted Subsidiary), property or other assets (each referred to for the purposes of this definition as a “disposition”) by the Company, a Permitted Affiliate Parent 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 a Permitted Affiliate Parent or by the Company, a Permitted Affiliate Parent or a Restricted Subsidiary (other than a Receivables Entity) to a Restricted Subsidiary;
- (2) the sale or disposition of cash, Cash Equivalents or Investment Grade Securities in the ordinary course of business;
- (3) a disposition of inventory, 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, any Permitted Affiliate Parent and the Restricted Subsidiaries
- (5) transactions permitted under Section 5.01 or a transaction that constitutes a Change of Control;
- (6) an issuance of Capital Stock or other securities by a Restricted Subsidiary to the Company, a Permitted Affiliate Parent or to another Restricted Subsidiary;
- (7) (a) for purposes of Section 4.10, the making of a Permitted Investment or a disposition subject to Section 4.07, or (b) solely for the purpose of Section 4.10(a)(3), a disposition, the proceeds of which are used to make Restricted Payments permitted to be made under Section 4.07 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 £50.0 million and 3.0% 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 £50.0 million and 3.0% of Total Assets of carried over amounts for any calendar year);
- (9) dispositions in connection with Permitted Liens;
- (10) dispositions of receivables or related assets 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 assignment, licensing or sublicensing of intellectual property or other general intangibles and assignments, licenses, sublicenses, leases or subleases of spectrum or other property;
- (12) foreclosure, condemnation or similar action with respect to any property, securities, or other assets;
- (13) the sale or discount (with or without recourse, and on customary or commercially reasonable terms) of receivables 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, and Investments in a Receivables Entity consisting of cash or Securitization Obligations;
- (15) [RESERVED];
- (16) any disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;
- (17) 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, a Permitted Affiliate Parent 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;
- (18) any surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;
- (19) (a) disposals of assets, rights or revenue not constituting part of the Distribution Business of the Company, any Permitted Affiliate Parent and the Restricted Subsidiaries, and (b) other disposals of non-core assets acquired in connection with any acquisition permitted under this Agreement;



- (20) any disposition or expropriation of assets or Capital Stock which the Company, any Permitted Affiliate Parent or any Restricted Subsidiary is required by, or made in response to concerns raised by, a regulatory authority or court of competent jurisdiction;
- (21) any disposition of other interests in other entities in an amount not to exceed £10.0 million;
- (22) 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 3.0% 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 £50.0 million and 3.0% of Total Assets of carried over amounts for any calendar year);
- (23) 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, any Permitted Affiliate Parent or any Restricted Subsidiary to such Person;
- (24) any disposition of Investments in joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture arrangements and similar binding agreements; provided that any cash or Cash Equivalents received in such disposition is applied in accordance with Section 4.10;
- (25) any sale or disposition with respect to property built, repaired, improved, owned or otherwise acquired by the Company, any Permitted Affiliate Parent or any Restricted Subsidiary pursuant to customary sale and lease-back transactions, asset securitizations and other similar financings permitted by this Agreement; and
- (26) any other disposition of assets comprising in aggregate percentage value of 10.0% 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 (26) above and would also be a Restricted Payment permitted to be made under Section 4.07 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 (26) above and/or one or more of the types of Restricted Payments permitted to be made under Section 4.07 or Permitted Investments.

*“Bank Products”* means (i) any facilities or services related to cash management, cash pooling, treasury, depository, overdraft, commodity trading or brokerage accounts, credit or debit card, p-cards (including purchasing cards or commercial cards), electronic funds transfer, automated clearinghouse, zero balance accounts, returned check concentration, controlled disbursement, lockbox, account reconciliation and reporting and trade financial services or other cash management and cash pooling arrangements and (ii) daylight exposures of the Company, any Permitted Affiliate Parent or any Restricted Subsidiary in respect of banking and treasury arrangements entered into in the ordinary course of business.

*“Bankruptcy Law”* means Title 11, United States Bankruptcy Code of 1978, or any similar United States federal or state law or relevant law in any jurisdiction or organization or similar foreign law (including, without limitation, laws of England and Wales and Scotland, relating to moratorium, bankruptcy, insolvency, receivership, winding up, liquidation, reorganization or relief of debtors) or any amendment to, succession to or change in any such law.

*“Board of Directors”* means, as to any Person, the board of directors of such Person or any duly authorized committee thereof; provided, that if and for so long as the Company or a Permitted Affiliate Parent is a Subsidiary of the Ultimate Parent, any action required to be taken under this Agreement by the Board of Directors of the Company or a Permitted Affiliate Parent can, in the alternative, at the option of the Company or such Permitted Affiliate Parent, be taken by the Board of Directors of the Ultimate Parent.

*“Business Division Transaction”* means any creation or participation in any joint venture with respect to any assets, undertakings and/or businesses of the Company, any Permitted Affiliate Parent 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, any Permitted Affiliate Parent 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, any Permitted Affiliate Parent 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 finance 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. Upon a change in generally accepted accounting principles eliminating the difference in treatment of operating leases and finance leases, “finance 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 90.0% of the fair value of the asset.

“*Cash Equivalents*” means:

- (1) securities or obligations issued, insured or unconditionally guaranteed by the United States government, the government of the United Kingdom, the relevant member state of the European Union as of May 1, 2004 (each, a “Qualified Country”) or any agency or instrumentality thereof, in each case having maturities of not more than 24 months from the date of acquisition thereof;
- (2) securities or obligations issued by any Qualified Country, or any political subdivision of any such Qualified Country, or any public instrumentality thereof, having maturities of not more than 24 months from the date of acquisition thereof and, at the time of acquisition, having an investment grade rating generally obtainable from either S&P or Moody’s (or, if at any time neither S&P nor Moody’s shall be rating such obligations, then from another nationally recognized rating service in any Qualified Country);
- (3) commercial paper issued by any lender party to a Credit Facility or any bank holding company owning any lender party to a Credit Facility;
- (4) commercial paper maturing no more than 12 months after the date of acquisition thereof and, at the time of acquisition, having a rating of at least A-2 or P-2 from either S&P or Moody’s (or, if at any time neither S&P nor Moody’s shall be rating such obligations, an equivalent rating from another nationally recognized rating service in any Qualified Country);
- (5) time deposits, eurodollar time deposits, bank deposits, certificates of deposit or bankers’ acceptances maturing no more than two years after the date of acquisition thereof issued by any lender party to a Credit Facility or any other bank or trust company (x) having combined capital and surplus of not less than \$250.0 million in the case of U.S. banks and \$100.0 million (or the U.S. Dollar equivalent thereof) in the case of non-U.S. banks or (y) 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 in any Qualified Country);
- (6) auction rate securities rated at least Aa3 by Moody’s and AA- by S&P (or, if at any time either S&P or Moody’s shall not be rating such obligations, an equivalent rating from another nationally recognized rating service in any Qualified Country);
- (7) repurchase agreements or obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1), (2) and (5) above entered into with any bank meeting the qualifications specified in clause (5) above or securities dealers of recognized national standing;
- (8) marketable short-term money market and similar funds (x) either having assets in excess of \$250.0 million (or U.S. Dollar equivalent thereof) or (y) having a rating of at least A-2 or P-2 from either S&P or Moody’s (or, if at any time neither S&P nor Moody’s shall be rating such obligations, an equivalent rating from another nationally recognized rating service in any Qualified Country);
- (9) interests in investment companies or money market funds, 95% of the investments of which are one or more of the types of assets or instruments described in clauses (1) through (8) above; and
- (10) in the case of investments by the Company, a Permitted Affiliate Parent or any Subsidiary organized or located in a jurisdiction other than the United States or a member state of the European Union (or any political subdivision or territory thereof), or in the case of investments made in a country outside the

United States, other customarily utilized high-quality investments in the country where such Subsidiary is organized or located or in which such Investment is made, all as conclusively determined in good faith by the Company or a Permitted Affiliate Parent; *provided that* bank deposits and short term investments in local currency of any Restricted Subsidiary shall qualify as Cash Equivalents as long as the aggregate amount thereof does not exceed the amount reasonably estimated by such Restricted Subsidiary as being necessary to finance the operations, including capital expenditures, of such Restricted Subsidiary for the succeeding 90 days.

“*Change of Control*” means:

- (1) Virgin Media Parent (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 each of the Company and any Permitted Affiliate Parent and (b) ceases, by virtue of any powers conferred by the articles of association or other documents regulating each of the Company and any Permitted Affiliate Parent to, directly or indirectly, direct or cause the direction of management and policies of each of the Company and any Permitted Affiliate Parent;
- (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, any Permitted Affiliate Parent 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 Company or any Permitted Affiliate Parent of a plan or proposal for the liquidation or dissolution of the Company or such Permitted Affiliate Parent, other than a transaction complying with Section 5.01.

*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 Reorganizations or a Spin-Off.

“*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 Signing Date, and includes, without limitation, all series and classes of such common stock.

“*Company*” means Virgin Media Investment Holdings Limited and any successor thereto.

“*Consolidated EBITDA*” means, for any period, without duplication, the Consolidated Net Income for such period, plus, at the option of the Company or a Permitted Affiliate Parent (except with respect to clauses (1) to (4) below) 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 this Agreement, in each case, as conclusively determined in good faith by an Officer of the Company or a Permitted Affiliate Parent;
- (6) the amount of Management Fees and other fees and related expenses (including Intra-Group Services) paid in such period to the Permitted Holders to the extent permitted by Section 4.11;
- (7) 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 the sale or transfer of any assets in connection with an asset securitization program, receivables factoring transaction or other receivables transaction (including, without limitation, 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) an amount equal to 100.0% 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;
- (14) any fees or other amounts charged or credited to the Company, a Permitted Affiliate Parent or any Restricted Subsidiary 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 externally reported operating cash flow or equivalent measure of the Virgin Reporting Entity (as defined in any earnings releases and other publicly disseminated information relating to the Virgin Reporting Entity) or (b) are deemed to be exceptional or unusual items;
- (15) any charges or costs in relation to any long-term incentive plan and any interest component of pension or post-retirement benefits schemes; and
- (16) Receivables Fees.

“*Consolidated Income Taxes*” means taxes based on income, profits or capital of any of the Company, a Permitted Affiliate Parent 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, a Permitted Affiliate Parent 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 a Permitted Affiliate Parent and all Preferred Stock of any Restricted Subsidiary, to the extent held by Persons other than the Company, a Permitted Affiliate Parent or a Subsidiary of the Company or a Permitted Affiliate Parent;
- (7) the consolidated interest expense that was capitalized during such period; and
- (8) interest actually paid by the Company, a Permitted Affiliate Parent 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, a Permitted Affiliate Parent 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 or a Permitted Affiliate Parent) if such Person is not a Restricted Subsidiary, except that (A) the Company’s or a Permitted Affiliate Parent’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, a Permitted Affiliate Parent 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 or a Permitted Affiliate Parent'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, a Permitted Affiliate Parent or a Restricted Subsidiary;

- (2) solely for the purpose of determining the amount available for Restricted Payments under Section 4.07(a)(4)(C)(i), 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 or a Permitted Affiliate Parent 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 this Agreement and the other Finance Documents, (C) restrictions in effect on the Signing Date with respect to a Restricted Subsidiary (including pursuant to this Agreement, the other Finance Documents, the Payables Financing Program Documents, the Existing Senior Secured Notes Indentures, the Existing Senior Notes Indentures, the Existing Security Documents, the Senior Credit Facility, the Intercreditor Deeds, and in each case, any related documentation) and other restrictions with respect to any Restricted Subsidiary that, taken as a whole, are not materially less favorable to the Lender than restrictions in effect on the Signing Date and (D) restrictions as in effect on the Signing Date specified in Section 4.08(b)(8), or restrictions specified in Section 4.08(b)(10)), except that the Company's or a Permitted Affiliate Parent'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, a Permitted Affiliate Parent 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, a Permitted Affiliate Parent or any Restricted Subsidiary which is not sold or otherwise disposed of in the ordinary course of business (as conclusively determined in good faith by the Board of Directors or senior management of the Company or a Permitted Affiliate Parent);
- (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) at the option of the Company or a Permitted Affiliate Parent, any adjustments to reduce or eliminate the impact of 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 option of the Company or a Permitted Affiliate Parent, 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 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, a Permitted Affiliate Parent 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 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 this Agreement.

“*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 Credit Facility Excluded Amount at the relevant time Incurred under any Permitted Credit Facility, (ii) Subordinated Shareholder Loans, (iii) any Indebtedness incurred pursuant to Section 4.09(b)(20) and (iv) any Indebtedness which is a contingent obligation of the Company, a Permitted Affiliate Parent or a Restricted Subsidiary; *provided* that for the purpose of calculating the Consolidated Net Leverage Ratio for purposes of Section 4.09(b)(15)(B), any guarantee by the Company, a Permitted Affiliate Parent or any Restricted Subsidiary of Indebtedness of Virgin Media Finance and/or any Parent (including, without limitation, any guarantees of the Existing Senior Notes) shall be included in determining any such outstanding Indebtedness) of the Company, a Permitted Affiliate Parent and the Restricted Subsidiaries on a Consolidated basis less (B) the aggregate amount of cash and Cash Equivalents of the Company, a Permitted Affiliate Parent 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 the Administrator pursuant to Section 4.03 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 Section 4.09(b) 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 Section 4.09(b).

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 Company’s Restricted Subsidiaries (excluding the Affiliate Subsidiaries) with those of the Company and each of a Permitted Affiliate Parent’s Restricted Subsidiaries (excluding the Affiliate Subsidiaries) with those of such Permitted Affiliate Parent, in each case, 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 (i) consolidation or combination of the accounts of any Unrestricted Subsidiary, but the interest of the Company, a Permitted Affiliate Parent or any Restricted Subsidiary in an Unrestricted Subsidiary will be accounted for as an investment and (ii) at the Company’s or a Permitted Affiliate Parent’s election, any Receivables Entities. 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, re-purposed 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, arrangements, instruments, trust deeds, note purchase agreements, indentures, commercial paper facilities, overdraft facilities (including, without limitation, the Senior Credit Facility or any Permitted Credit Facility) or the 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, notes, bonds, debentures 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, this Agreement, a Permitted 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 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.

“*Credit Facility Excluded Amount*” means the greater of (1) £500.0 million (or its equivalent in other currencies) and (2) 0.25 multiplied by the Pro forma EBITDA of the Company, any Permitted Affiliate Parent 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 the Administrator pursuant to Section 4.03, multiplied by 2.0.

“*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.

“*Designated Non-Cash Consideration*” means the fair market value (as determined conclusively in good faith by the Board of Directors or senior management of the Company or a Permitted Affiliate Parent) of non-cash consideration received by the Company, any Permitted Affiliate Parent 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 Section 4.10.

“*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, a Permitted Affiliate Parent 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 Termination Date of the Facilities, *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 or a Permitted Affiliate Parent 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 this Agreement) 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 or such Permitted Affiliate Parent 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 or such Permitted Affiliate Parent with Section 4.10 of Schedule 5 (Covenants) and Clause 7.3 of this Agreement, and such repurchase or redemption complies with Section 4.07.

*“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 such business.

*“Equity Offering”* means (1) the distribution of Capital Stock of the Spin Parent in connection with any Spin-Off or (2) a sale of (a) Capital Stock of the Company or a Permitted Affiliate Parent (other than Disqualified Stock) or (b) Capital Stock the proceeds of which are contributed as equity share capital to the Company or a Permitted Affiliate Parent or as Subordinated Shareholder Loans or (c) 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 Contribution”* means Net Cash Proceeds or property or assets received by the Company or a Permitted Affiliate Parent as capital contributions or Subordinated Shareholder Loans to the Company or a Permitted Affiliate Parent 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 or a Permitted Affiliate Parent, in each case to the extent designated as an Excluded Contribution pursuant to an Officer’s Certificate of the Company or a Permitted Affiliate Parent.

*“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 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 Existing Senior Secured Notes Indentures 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 of the Existing Senior Secured Notes or notice of such pledge, assignment or grant is given.

“*Existing Senior Notes*” means the (i) \$400 million of 5.75% Senior Notes due 2025, (ii) €460 million of 4.50% Senior Notes due 2025, (iii) \$500 million of 6% Senior Notes due 2024, (iv) £300 million of 6.375% Senior Notes due 2024, (v) the \$530 million of 6.375% Senior Notes due 2023, (vi) the £250 million of 7% Senior Notes due 2023, (vii) the \$500 million of 5.25% Senior Notes due 2022, (viii) the \$900 million of 4.875% Senior Notes due 2022 and (ix) 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, (ii) 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, (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 and (vi) the indenture dated as of January 28, 2015, 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 registrar for the dollar-denominated notes and principal paying agent, The Bank of New York Mellon, as paying agent and The Bank of New York Mellon (Luxembourg) S.A. as transfer agent and registrar for the euro-denominated notes, as amended or supplemented from time to time.

“*Existing Senior Secured Notes*” means the (i) the \$1,000 million of 5.375% 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, (vii) the £400 million of 6.25% Senior Secured Notes due 2029, (viii) the £300 million of 5 1/8% Senior Secured Notes due 2025, (ix) the £525 million of 4.875% Senior Secured Notes due 2027, (x) the \$1,000 million of 5.25% Senior Secured Notes due 2026, and (xi) the \$750 million of 5.50% Senior Secured Notes due 2026, issued by Virgin Media Secured Finance pursuant to the 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, Virgin Media, Virgin Media Finance, the Company, the guarantors named therein, 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*, Virgin Media Secured Finance assumed the obligations of Lynx I, as issuer, and as further amended or supplemented from time to time, (iii) the indenture dated as of March 28, 2014 among Virgin Media Secured Finance, Virgin Media, Virgin Media Finance, the Company, the guarantors named therein, 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 January 28, 2015 among Virgin

Media Secured Finance, Virgin Media, Virgin Media Finance, the Company, the guarantors named therein, The Bank of New York Mellon, London Branch, as trustee and transfer agent and The Bank of New York Mellon (Luxembourg) S.A. as registrar and paying agent, as amended or supplemented from time to time, (v) the indenture dated as of March 30, 2015 among Virgin Media Secured Finance, Virgin Media, Virgin Media Finance, the Company, the guarantors named therein, The Bank of New York Mellon, London Branch, as trustee and principal paying agent, The Bank of New York Mellon, as paying agent, dollar notes transfer agent and dollar notes registrar and The Bank of New York Mellon (Luxembourg) S.A., as sterling notes registrar and sterling notes transfer agent, as amended or supplemented from time to time and (vi) the Indenture dated as of April 26, 2016 among Virgin Media Secured Finance, Virgin Media, Virgin Media Finance, the Company, the guarantors named therein, The Bank of New York Mellon, London Branch, as trustee and principal paying agent, The Bank of New York Mellon, as paying agent, transfer agent and registrar, and The Bank of New York Mellon, as amended or supplemented from time to time.

“*fair market value*” unless otherwise specified, wherever such term is used in this Agreement (except as otherwise specifically provided in this Agreement), may be conclusively established by means of an Officer’s Certificate or a resolution of the Board of Directors of the Company or a Permitted Affiliate Parent setting out such fair market value as conclusively 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 as in effect as of the Signing Date or, for purposes of Section 4.03, as in effect from time to time; *provided that* at any date after the Signing Date the Company or any Permitted Affiliate Parent 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 this Agreement, all ratios and calculations based on GAAP contained in this Agreement shall be computed in conformity with GAAP. At any time after the Signing Date, the Company or a Permitted Affiliate Parent may elect to apply for all purposes of this Agreement, in lieu of GAAP, IFRS and, upon such election, references to GAAP herein will be construed to mean IFRS as in effect on the Signing Date; *provided that* (1) all financial statements and reports to be provided, after such election, pursuant to this Agreement 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 financial statements of the Virgin Reporting Entity shall be restated on the basis of IFRS for the fiscal 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 this Agreement shall, at the option of the Company or the Permitted Affiliate Parent (a) continue to be computed in conformity with GAAP (provided that, following such election, the annual and quarterly information required by Section 4.03(a)(1) and Section 4.03(a)(2) 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 Signing Date. Thereafter, the Company or a Permitted Affiliate Parent 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 The Bank of Nova Scotia as facility agent, Deutsche Bank AG, London Branch as 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.

“*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 Virgin Media Secured Finance, the Company, Credit Suisse First Boston, The Bank of New York Mellon 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 this Indenture.

“*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.

“*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; and
- (4) 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, a Permitted Affiliate Parent or a Restricted Subsidiary from a customer or subscriber for its service and any other deferred or prepaid revenue, (b) any obligations to make payments in relation to earn outs, (c) Indebtedness which is in the nature of equity (other than redeemable shares) or equity derivatives; (d) Capitalized Lease Obligations, (e) receivables sold or discounted, whether recourse or non-recourse, including, for the avoidance of doubt, any indebtedness in respect of Qualified Receivables Transactions, including, without limitation, guarantees by a Receivables Entity of the obligations of another Receivables Entity and any indebtedness in respect of Limited Recourse, (f) pension obligations or any obligation under employee plans or employment agreements, (g) any “parallel debt” obligations to the extent that such obligations mirror other Indebtedness, (h) any payments or liability 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 (including, without limitation, any liability under an IRU Contract), (i) any Hedging Obligations, (j) any Non-Recourse Indebtedness, and (k) 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 (including, in each case, any accrued dividend). 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.

“*Initial Public Offering*” means an Equity Offering of common stock or other common equity interests of the Company, a Permitted Affiliate Parent, the Spin Parent or any direct or indirect parent company of the

Company or a Permitted Affiliate Parent (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 (including, for the avoidance of doubt, any such Equity Offering of common stock or other common equity interest of the Spin Parent in connection with any Spin-Off).

“*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, a Permitted Affiliate Parent 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) (or, in the event that there are no comparable transactions to apply for comparative purposes, is otherwise on terms that, taken as a whole, the Company or a Permitted Affiliate Parent has conclusively determined in good faith to be fair to the Company, a Permitted Affiliate Parent or such Restricted Subsidiary):

- (1) the sale of programming or other content by the Ultimate Parent, the Spin Parent or any of their respective Subsidiaries to the Company, any Permitted Affiliate Parent or any Restricted Subsidiary;
- (2) the lease or sublease of office space, other premises or equipment by the Company, a Permitted Affiliate Parent 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, a Permitted Affiliate Parent 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, a Permitted Affiliate Parent 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, including stock and other incentive plans (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, any Permitted Affiliate Parent or the Restricted Subsidiaries than arm’s length terms, by or to the Company, any Permitted Affiliate Parent 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) of this definition of Intra-Group Services.

“*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 this Agreement;
- (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, a Permitted Affiliate Parent or a Subsidiary for consideration to the extent such consideration consists of Common Stock of the Company or a Permitted Affiliate Parent.



For purposes of the definition of “Unrestricted Subsidiary” and Section 4.07:

- (A) “Investment” will include the portion (proportionate to the Company’s or a Permitted Affiliate Parent’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 of the Company and a Permitted Affiliate Parent 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 or such Permitted Affiliate Parent 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 or such Permitted Affiliate Parent’s “Investment” in such Subsidiary at the time of such redesignation less (b) the portion (proportionate to the Company’s or such Permitted Affiliate Parent’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 or such Permitted Affiliate Parent in good faith) of such Subsidiary at the time that such Subsidiary is so redesignated a Restricted Subsidiary; and
- (B) 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 conclusively in good faith by the Board of Directors or senior management of the Company or a Permitted Affiliate Parent.

If the Company, a Permitted Affiliate Parent 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 or a Permitted Affiliate Parent 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 conclusively by the Board of Directors or senior management of the Company or a Permitted Affiliate Parent 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 May 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 May 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, a Permitted Affiliate Parent and their respective 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 Facilities or the corporate rating of the Virgin Group receive any two 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;
- (2) a rating of “BBB-” (or the equivalent) or higher from Standard & Poor’s Ratings Services, or any of its successors or assigns; and/or
- (3) a rating of “BBB-” (or the equivalent) or higher from Fitch Ratings Inc. 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 or distributed in such Initial Public Offering.

*“IRU Contract”* means a contract entered into by Virgin Media Finance, the Company, any Permitted Affiliate Parent or a Restricted Subsidiary in the ordinary course of business in relation to the right to use capacity on a telecommunications cable system (including the right to lease such capacity to another person).

*“Joint Venture Parent”* means the joint venture entity formed in a Parent Joint Venture Transaction.

*“Liberty Global”* means Liberty Global plc and any and all successors thereto.

*“Lien”* means any assignment, 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).

*“Limited Condition Transaction”* means (i) any Investment or acquisition, in each case, by one or more of the Company, any Permitted Affiliate Parent and the Restricted Subsidiaries of any assets, business or Person, the consummation of which is not conditioned on the availability of, or on obtaining, third party financing and (ii) any redemption, repurchase, defeasance, satisfaction and discharge or repayment of Indebtedness requiring irrevocable notice in advance of such redemption, repurchase, defeasance, satisfaction and discharge or repayment.

*“Limited Recourse”* means a letter of credit, revolving loan commitment, cash collateral account, guarantee or other credit enhancement issued by the Company, any Permitted Affiliate Parent or any Restricted Subsidiary (other than a Receivables Entity) in connection with the incurrence of Indebtedness by a Receivables Entity under a Qualified Receivables Transaction; *provided that*, the aggregate amount of such letter of credit reimbursement obligations and the aggregate available amount of such revolving loan commitments, cash collateral accounts, guarantees or other such credit enhancements of the Company, any Permitted Affiliate Parent and the Restricted Subsidiaries (other than a Receivables Entity) shall not exceed 25% of the principal amount of such Indebtedness at any time.

*“Management Fees”* means any management, consultancy, stewardship or other similar fees payable by the Company, a Permitted Affiliate Parent or any Restricted Subsidiary, including any fees, charges and related expenses incurred by any Parent on behalf of and/or charged to the Company, a Permitted Affiliate Parent or a Restricted Subsidiary.

*“Market Capitalization”* means an amount equal to (1) 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 (2) 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, any Permitted Affiliate Parent 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 or 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 Holdco”* means the direct Subsidiary of the Ultimate Parent following the Post-Closing Reorganizations, or, if the distribution or other transfer pursuant to the Post-Closing Reorganization is to a second-tier Subsidiary of the Ultimate Parent, such second-tier Subsidiary.

*“Non-Recourse Indebtedness”* means any indebtedness of the Company, a Permitted Affiliate Parent or a Restricted Subsidiary (and not of any other Person), in respect of which the Person or Persons to whom such indebtedness is or may be owed has or have no recourse whatsoever to the Company, any Permitted Affiliate Parent or a Restricted Subsidiary for any payment or repayment in respect thereof:

- (1) other than recourse to the Company, any Permitted Affiliate Parent or a Restricted Subsidiary which is limited solely to the amount of any recoveries made on the enforcement of any collateral securing such indebtedness or in respect of any other disposition or realization of the assets underlying such indebtedness;
- (2) provided that such Person or Persons are not entitled, pursuant to the terms of any agreement evidencing any right or claim arising out of or in connection with such indebtedness, to commence proceedings for the winding up, dissolution or administration of the Company, any Permitted Affiliate Parent or a Restricted Subsidiary (or proceedings having an equivalent effect) or to appoint or cause the appointment of any receiver, trustee or similar person or officer in respect of the Company, any Permitted Affiliate Parent or a Restricted Subsidiary or any of its assets until after the Facilities have been repaid in full; and
- (3) *provided further* that the principal amount of all indebtedness Incurred and then outstanding pursuant to this definition does not exceed the greater of (i) £100.0 million and (ii) 3.0% of Total Assets.

*“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.

*“Obligations”* means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the Finance Documents.

*“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 Lender (or the Administrator, acting on behalf of the Lender). The counsel may be an employee of or counsel to the Company, a Permitted Affiliate Parent or the Lender.

*“Parent”* means (i) the Ultimate Parent, (ii) any Subsidiary of the Ultimate Parent of which the Company or a Permitted Affiliate Parent is a Subsidiary on the Signing Date, (iii) any other Person of which the Company or a Permitted Affiliate Parent at any time is or becomes a Subsidiary after the Signing Date (including, for the avoidance of doubt, the Spin Parent and any Subsidiary of the Spin Parent following any Spin-Off) and (iv) any Joint Venture Parent, any Subsidiary of the Joint Venture Parent and any Parent Joint Venture Holders following any Parent Joint Venture Transaction.

*“Parent Expenses”* means:

- (1) costs (including all professional fees and expenses) Incurred by any Parent or any Subsidiary of a 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 Finance Documents or any other agreement or instrument relating to Indebtedness of the Company, any Permitted Affiliate Parent or any Restricted Subsidiary;
- (2) indemnification obligations of any Parent or any Subsidiary of a 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 a Permitted Affiliate Parent or the conduct of the business of the Company, any Permitted Affiliate Parent and the Restricted Subsidiaries;
- (3) obligations of any Parent or any Subsidiary of a Parent in respect of director and officer insurance (including premiums therefor) with respect to its ownership of the Company or a Permitted Affiliate Parent or the conduct of the business of the Company, any Permitted Affiliate Parent 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, any Permitted Affiliate Parent or any of the Restricted Subsidiaries, including acquisitions, dispositions or treasury transactions by the Company, a Permitted Affiliate Parent 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; and
- (5) fees and expenses payable by any Parent in connection with the Post-Closing Reorganizations.

*“Parent Joint Venture Transaction”* means a transaction pursuant to which a joint venture is formed by the contribution of some or all of the assets of a Parent or issuance or sale of shares of a Parent to one or more entities which are not Affiliates of the Ultimate Parent.

*“Parent Joint Venture Holders”* means the holders of the share capital of the Joint Venture Parent.

*“Payables Financing Program Documents”* means the Framework Assignment Agreement, the Accounts Payable Management Services Agreement, the Discounted Payments Purchase Agreements, and the documents ancillary thereto (including, without limitation, supply contracts), each as may be amended, amended and/or restated, supplemented or otherwise modified from time to time.

*“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, any Permitted Affiliate Parent or any of the Restricted Subsidiaries and another Person.

*“Permitted Business”* means any business:

- (1) engaged in by any Parent, any Subsidiary of any Parent, the Company, any Permitted Affiliate Parent or any Restricted Subsidiary on the Signing Date;
- (2) that consists of the upgrade, construction, creation, development, marketing, acquisition (to the extent permitted under this Agreement), 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) other activities that are reasonably similar, ancillary, complementary or related to, or a reasonable extension, development or expansion of, the businesses in which any Parent, any Subsidiary of any Parent, the Company, any Permitted Affiliate Parent and the Restricted Subsidiaries are engaged on the Signing Date, including, without limitation, all forms of television, telephony (including, for the avoidance of doubt, mobile 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 any such business.

“*Permitted Credit Facility*” means, one or more debt facilities or arrangements (including, without limitation, this Agreement and the Senior Credit Facility) that may be entered into by the Company, any Permitted Affiliate Parent and the Restricted Subsidiaries providing for credit loans, letters of credit or other Indebtedness or other advances, in each case, Incurred in compliance with Section 4.09.

“*Permitted Financing Action*” means, (i) to the extent that any incurrence of Indebtedness or Refinancing Indebtedness is permitted pursuant to Section 4.09 (*Limitation on Indebtedness*), any transaction to facilitate or otherwise in connection with a cashless rollover of one or more lenders’ or investors’ commitments or funded Indebtedness in relation to the incurrence of that Indebtedness or Refinancing Indebtedness and/or (ii) any transaction with the Lender contemplated by or otherwise in connection with the Transaction Documents and the transactions related thereto.

“*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 clauses (1) or (2) above, and any successor to such Permitted Holder, Affiliate, or Related Person, (4) any Person who is acting as an underwriter in connection with any public or private offering of Capital Stock of the Company or of a Permitted Affiliate Parent, acting in such capacity, and (5) 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, a Permitted Affiliate Parent and the Restricted Subsidiaries (taken as a whole) constitutes a Change of Control in respect of which a Change of Control Prepayment Offer is made in accordance with this Agreement and which the Company or any Permitted Affiliate Parent complies with the requirements of the Existing Senior Secured Notes Indentures (or any similar terms in an instrument or agreement governing Senior Indebtedness) with respect to the requirement to make a Change of Control Offer (as defined in the Existing Senior Secured Notes Indentures).

“*Permitted Investment*” means an Investment by the Company, a Permitted Affiliate Parent or any Restricted Subsidiary in:

- (1) the Company, a Permitted Affiliate Parent 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, a Permitted Affiliate Parent or a Restricted Subsidiary (other than a Receivables Entity);
- (3) cash and Cash Equivalents or Investment Grade Securities;
- (4) receivables owing to the Company, a Permitted Affiliate Parent 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, any Permitted Affiliate Parent 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, such Permitted Affiliate Parent or such Restricted Subsidiary;
- (7) Capital Stock, obligations, accounts receivables, or securities received in settlement of debts created in the ordinary course of business and owing to the Company, any Permitted Affiliate Parent 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, workout, recapitalization 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 Section 4.10 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 Signing Date or made pursuant to binding commitments in effect on the Signing Date or an Investment consisting of any extension, modification, replacement, renewal or reinvestment of any Investment or binding commitment existing on the Signing Date or made in compliance with Section 4.07; 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 Signing 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 this Agreement;
- (10) Currency Agreements, Commodity Agreements and Interest Rate Agreements and related Hedging Obligations, which transactions or obligations are Incurred in compliance with Section 4.09;
- (11) Investments by the Company, any Permitted Affiliate Parent 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 (i) £350.0 million and (ii) 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 Section 4.07, 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, a Permitted Affiliate Parent 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, a Permitted Affiliate Parent 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 Section 4.09 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 Section 4.12;
- (15) the Existing Senior Secured Notes;
- (16) so long as no Default or Event of Default of the type specified in Section 6.01(a)(1) (Non-Payment) of this Agreement 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 or a Permitted Affiliate Parent (other than Disqualified Stock), Subordinated Shareholder Loans or Capital Stock of any Parent;
- (18) Investments acquired after the Signing Date as a result of the acquisition by the Company, a Permitted Affiliate Parent or a Restricted Subsidiary, including by way of merger, amalgamation or consolidation with or into the Company, any Permitted Affiliate Parent or any Restricted Subsidiary in a transaction that is not prohibited by Section 5.01 after the Signing 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) Investments in Securitization Obligations;
- (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, any Permitted Affiliate Parent or any Restricted Subsidiary (a) in exchange for any other Investment or accounts receivable held by the Company, such Permitted Affiliate Parent 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, such Permitted Affiliate Parent or any such Restricted Subsidiary with respect to any secured Investment or other transfer of title with respect to any secured Investment in default;

- (23) any transaction to the extent constituting an Investment that is permitted and made in accordance with Section 4.11(b) (except those transactions described in Section 4.11(b)(1), Section 4.11(b)(5), Section 4.11(b)(9), and Section 4.11(b)(22));
- (24) Investments in or constituting Bank Products;
- (25) Investments consisting of purchases and acquisitions of inventory, supplies, material, services or equipment or purchases of contract rights or licenses or leases of intellectual property;
- (26) Investments consisting of the licensing or contribution of intellectual property pursuant to joint marketing arrangements;
- (27) advances in the form of a prepayment of expenses, so long as such expenses are being paid in accordance with customary trade terms of the Company, a Permitted Affiliate Parent or the Restricted Subsidiaries; and
- (28) Investments by the Company, a Permitted Affiliate Parent or a Restricted Subsidiary in any joint venture in connection with intercompany cash management arrangements or related activities arising in the ordinary course of business.

*“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, a Permitted Affiliate Parent 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, and Liens on Investments in Receivables Entities;
- (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, repairmen’s, construction and 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;
- (5) Liens in favor of issuers of surety, bid or performance bonds or with respect to other regulatory requirements or trade or government contracts or to secure leases or permits, licenses, statutory or regulatory obligations, or letters of credit or bankers’ acceptances or similar obligations issued pursuant to the request of and for the account of such Person in the ordinary course of its business;
- (6) (a) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on property or assets over which the Company, any Permitted Affiliate Parent or any Restricted Subsidiary has easement rights or on any leased property and subordination or similar arrangements relating thereto (including, without limitation, the right reserved to or vested in any governmental authority by the terms of any lease, license, franchise, grant or permit acquired by the Company, any Permitted Affiliate Parent or any Restricted Subsidiaries or by any statutory provision to terminate any such lease, license, franchise, grant or permit, or to require annual or other payments as a condition to the continuance thereof), (b) minor survey exceptions, encumbrances, trackage rights, special assessments, 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, any Permitted Affiliate Parent 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, any Permitted Affiliate Parent and the Restricted Subsidiaries, and (c) any condemnation or eminent domain proceedings affecting any real property;

- (7) Liens securing Hedging Obligations, so long as the related Indebtedness is, and is permitted to be Incurred under the Finance Documents, secured by a Lien on the same property securing such Hedging Obligation;
- (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, any Permitted Affiliate Parent or the Restricted Subsidiaries;
- (9) Liens arising out of judgments, decrees, orders or awards so long as 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 (including Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business); provided that such Liens do not encumber any other assets or property of the Company, a Permitted Affiliate Parent or any Restricted Subsidiary 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, any Permitted Affiliate Parent 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, any Permitted Affiliate Parent and the Restricted Subsidiaries in the ordinary course of business;
- (13) Liens existing on, or provided for under written arrangements existing on, the Signing Date;
- (14) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary (including Liens created, incurred or assumed in connection with or in contemplation of such acquisition or transaction); provided, however, that any such Lien may not extend to any other property owned by the Company, a Permitted Affiliate Parent or any other Restricted Subsidiary (other than pursuant to after-acquired property clauses in effect with respect to such Lien at the time of acquisition on property of the type that would have been subject to such Lien notwithstanding the occurrence of such acquisition);
- (15) Liens on property at the time the Company, a Permitted Affiliate Parent or a Restricted Subsidiary acquired the property, including any acquisition by means of a merger or consolidation with or into any Restricted Subsidiary (including Liens created, incurred or assumed in connection with or in contemplation of such acquisition or transaction); provided, however, that any such Lien may not extend to any other property owned by the Company, such Permitted Affiliate Parent or such Restricted Subsidiary (other than pursuant to after-acquired property clauses in effect with respect to such Lien at the time of acquisition on property of the type that would have been subject to such Lien notwithstanding the occurrence of such acquisition);
- (16) Liens securing Indebtedness or other obligations of a Restricted Subsidiary owing to the Company, a Permitted Affiliate Parent or another Restricted Subsidiary;
- (17) Liens to secure (A) Indebtedness that is permitted to be Incurred under Section 4.09(a) or Section 4.09(b)(1), Section 4.09(b)(3), Section 4.09(b)(6), Section 4.09(b)(7), Section 4.09(b)(12) (in the case of Section 4.09(b)(12), to the extent such guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in this clause (17) of the definition of "Permitted Liens"), Section 4.09(b)(16), Section 4.09(b)(18) and Section 4.09(b)(19), and (B) any Refinancing Indebtedness in respect of Indebtedness referred to in the forgoing clause (A);

- (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) any Liens in respect of the ownership interests in, or assets owned by, any joint ventures securing obligations of such joint ventures;
- (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) Liens in respect of the ownership interests in, or assets owned by, any joint ventures or similar arrangements securing obligations of such joint ventures or similar agreements;
- (23) 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;
- (24) 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;
- (25) Liens on assets or property of a Restricted Subsidiary that is not an Obligor securing Indebtedness of a Restricted Subsidiary that is not an Obligor permitted by Section 4.09;
- (26) Liens on Escrowed Proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or on 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;
- (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;
- (28) Liens securing Indebtedness Incurred under any Permitted Credit Facility;
- (29) Liens consisting of any right of set-off granted to any financial institution acting as a lockbox bank in connection with a Qualified Receivables Transaction;
- (30) Liens for the purpose of perfecting the ownership interests of a purchaser of Receivables and related assets pursuant to any Qualified Receivables Transaction;
- (31) Cash deposits or other Liens for the purpose of securing Limited Recourse;
- (32) Liens arising in connection with other sales of Receivables permitted hereunder without recourse to the Company, any Permitted Affiliate Parent or any of the Restricted Subsidiaries;
- (33) Liens on Receivables and related assets of the type specified in the definition of “Qualified Receivables Transaction”;
- (34) Liens in respect of Bank Products or to implement cash pooling arrangements or arising under the general terms and conditions of banks with whom the Company, any Permitted Affiliate Parent or any Restricted Subsidiary maintains a banking relationship or to secure cash management and other banking services, netting and set-off arrangements, and encumbrances over credit balances on bank accounts to facilitate operation of such bank accounts on a cash-pooled and net balance basis (including any ancillary facility under any Credit Facility or other accommodation comprising of more than one account) and Liens of the Company, any Permitted Affiliate Parent or any Restricted Subsidiary under the general terms and conditions of banks and financial institutions entered into in the ordinary course of banking or other trading activities;
- (35) Liens on equipment of the Company, any Permitted Affiliate Parent or any Restricted Subsidiary granted in the ordinary course of business to a client of the Company, such Permitted Affiliate Parent or such Restricted Subsidiary at which such equipment is located;
- (36) subdivision agreements, site plan control agreements, development agreements, servicing agreements, cost sharing, reciprocal and other similar agreements with municipal and other governmental authorities affecting the development, servicing or use of a property; provided the same are complied with in all material respects except as such non-compliance does not interfere in any material respect as

determined in good faith by the Company or a Permitted Affiliate Parent with the business of the Company, any Permitted Affiliate Parent and their respective Subsidiaries taken as a whole;

- (37) facility cost sharing, servicing, reciprocal or other similar agreements related to the use and/or operation of a property in the ordinary course of business; provided the same are complied with in all material respects; and
- (38) deemed trusts created by operation of law in respect of amounts which are (i) not yet due and payable, (ii) immaterial, (iii) being contested in good faith and by appropriate proceedings and for which appropriate reserves have been established in accordance with GAAP or (iv) unpaid due to inadvertence after exercising due diligence.

“*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.

“*Post-Closing Reorganizations*” means the possible reorganization of the Virgin Group by the Ultimate Parent, which is expected to include: (1) a distribution or other transfer of Virgin Media Communications and any Permitted Affiliate Parent and their Subsidiaries or a Parent of both Virgin Media Communications and any Permitted Affiliate Parent 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, (2) the issuance by Virgin Media Communications, any Permitted Affiliate Parent 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, and any Permitted Affiliate Parent or Virgin Media Finance, as the case may be, and/or (3) 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.

“*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, any Permitted Affiliate Parent 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, any Permitted Affiliate Parent 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, any Permitted Affiliate Parent 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, any Permitted Affiliate Parent 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, any Permitted Affiliate Parent 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 determining compliance with any provision of the Finance Documents that requires the calculation of any financial ratio or test, (a) whenever pro forma effect is to be given to any

transaction or calculation, the pro forma calculations will be as determined conclusively 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, a Permitted Affiliate Parent 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 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 £75.0 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, any Permitted Affiliate Parent 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 the relevant Permitted Affiliate Parent or 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 or 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, any Permitted Affiliate Parent or any Restricted Subsidiary in connection with a Qualified Receivables Transaction with a Receivables Entity, which note is intended to finance that portion of the purchase price that is not paid in cash or a contribution of equity and which is (a) repayable from cash available to the Receivables Entity, other than (i) amounts required to be established as reserves pursuant to agreements, (ii) amounts paid to investors in respect of interest, (iii) principal and other amounts owing to such investors and (iv) amounts owing to such investors and amounts paid in connection with the purchase of newly generated Receivables and (b) may be subordinated to the payments described in clause (a).

*“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, any Permitted Affiliate Parent or any of the Restricted Subsidiaries pursuant to which the Company, any Permitted Affiliate Parent 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, any Permitted Affiliate Parent 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 Lien in, any Receivables (whether now existing or arising in the future) of the Company, any Permitted Affiliate Parent 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 Liens are customarily granted, in connection with asset securitization involving Receivables and any Hedging Obligations entered into by the Company, any Permitted Affiliate Parent or any such Restricted Subsidiary in connection with such 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 a Permitted Affiliate Parent (or another Person in which the Company, any Permitted Affiliate Parent or any Restricted Subsidiary makes an Investment and to which the Company, any Permitted Affiliate Parent 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 or a Permitted Affiliate Parent (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, any Permitted Affiliate Parent 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, a Permitted Affiliate Parent or any Restricted Subsidiary in any way other than pursuant to Standard Securitization Undertakings; or
  - (C) subjects any property or asset of the Company, a Permitted Affiliate Parent or any Restricted Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;
  - (D) except, in each such case, Limited Recourse and Permitted Liens as defined in clauses (29) through (33) of the definition thereof;
- (2) with which neither the Company, a Permitted Affiliate Parent 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, such Permitted Affiliate Parent or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Company or such Permitted Affiliate Parent, other than fees payable in the ordinary course of business in connection with servicing Receivables; and
- (3) to which neither the Company, a Permitted Affiliate Parent 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 (other than those related to or incidental to the relevant Qualified Receivables Transactions), except for Limited Recourse.

Any such designation by the Board of Directors of the Company or a Permitted Affiliate Parent shall be evidenced to the Administrator (acting on behalf of the Lender) by promptly delivering to the Administrator (acting on behalf of the Lender) a certified copy of the resolution of the Board of Directors of the Company or a Permitted Affiliate Parent giving effect to such designation and an Officer’s Certificate certifying that such designation complied with the foregoing conditions.

*“Receivables Fees”* means reasonable distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Receivables Entity in connection with, any Qualified Receivables Transaction.

*“Receivables Repurchase Obligation”* means any obligation of a seller of Receivables in a Qualified Receivables Transaction to repurchase Receivables arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, offset or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.



“*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 Signing Date or Incurred in compliance with this Agreement (including Indebtedness of the Company or a Permitted Affiliate Parent 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 Termination Date of the Facilities, 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 Termination Date of the Facilities, the Refinancing Indebtedness has a Stated Maturity later than the Termination Date of the Facilities;
- (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 Obligations on terms at least as favorable to the Lender 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.

“*Regulation S*” means Regulation S promulgated under the Securities Act.

“*Related Business*” means any business that is the same as or related, ancillary or complementary to, any of the businesses of the Company, any Permitted Affiliate Parent and the Restricted Subsidiaries on the Signing 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 incorporated 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, a Permitted Affiliate Parent or any of the Company’s or a Permitted Affiliate Parent’s Subsidiaries), or
  - (B) being a holding company parent of the Company, a Permitted Affiliate Parent or any of the Company’s or a Permitted Affiliate Parent’s Subsidiaries, or
  - (C) receiving dividends from or other distributions in respect of the Capital Stock of the Company, a Permitted Affiliate Parent or any of the Company’s or a Permitted Affiliate Parent’s Subsidiaries, or

- (D) having guaranteed any obligations of the Company, a Permitted Affiliate Parent or any Subsidiary of the Company or a Permitted Affiliate Parent, or
- (E) having made any payment in respect to any of the items for which the Company or a Permitted Affiliate Parent is permitted to make payments to any Parent pursuant to Section 4.07,

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, a Permitted Affiliate Parent and their respective Subsidiaries would have been required to pay on a separate company basis or on a consolidated basis if the Company, a Permitted Affiliate Parent and their respective Subsidiaries had paid tax on a consolidated, combined, group, affiliated or unitary basis on behalf of an affiliated group consisting only of the Company, a Permitted Affiliate Parent and their respective 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, a Permitted Affiliate Parent and their respective Subsidiaries (reduced by any taxes measured by income actually paid by the Company, a Permitted Affiliate Parent and their respective Subsidiaries).

“*Restricted Investment*” means any Investment other than a Permitted Investment.

“*Restricted Subsidiary*” means any Subsidiary of the Company or of a Permitted Affiliate Parent, together with any Affiliate Subsidiaries, other than an Unrestricted Subsidiary.

“*Rule 144A*” means Rule 144A promulgated under the Securities Act.

“*SEC*” means the United States Securities and Exchange Commission.

“*Securities Act*” means the United States Securities Act of 1933, as amended.

“*Securitization Obligation*” means any Indebtedness or other obligation of any Receivables Entity.

“*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 Signing Date or thereafter Incurred, all amounts payable by, under or in respect of all other Indebtedness of the Obligor, 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 each Obligor 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 this Agreement;
- (2) any obligation of the Company or a Permitted Affiliate Parent to any Restricted Subsidiary or any obligation of any Guarantor to the Company, a Permitted Affiliate Parent or any Restricted Subsidiary;
- (3) any liability for taxes owed or owing by the Company, any Permitted Affiliate Parent 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 an Obligor that is expressly subordinate or junior in right of payment to any other Indebtedness, guarantee or obligation of an Obligor, including, without limitation, any Subordinated Obligation; or
- (6) any Capital Stock.

“*Significant Subsidiary*” means any Restricted Subsidiary which, together with the Restricted Subsidiaries of such Restricted Subsidiary, accounted for more than 10% of Total Assets as of 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 the Company or a Permitted Affiliate Parent, or a Parent of the Company or a Permitted Affiliate Parent directly or indirectly owned by the Ultimate Parent are distributed to (1) all of the Ultimate Parent’s shareholders, or (2) all of the shareholders comprising one or more group of the Ultimate Parent’s shareholders as provided by the Ultimate Parent’s articles of association, in each case, either directly or indirectly through the distribution of shares in a Parent holding the Company’s, a Permitted Affiliate Parent’s shares or a Parent’s shares.

“*Spin Parent*” means the Person 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, a Permitted Affiliate Parent or any Restricted Subsidiary which are reasonably customary in securitization of Receivables transactions, including, without limitation, those relating to the servicing of the assets of a Receivables Entity and Limited Recourse, it being understood that any Receivables Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking.

“*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*” or “*£*” means the lawful currency of the United Kingdom.

“*Sterling Equivalent*” means with respect to any monetary amount in a currency other than sterling, at any time of determination thereof, the amount of sterling obtained by converting such foreign currency involved in such computation into sterling at the average of the spot rates for the purchase and sale of 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 a Borrower or a Permitted Affiliate Parent, any Indebtedness of such Borrower or a Permitted Affiliate Parent, as applicable, (whether outstanding on the Signing Date or thereafter Incurred) which is expressly subordinate or junior in right of payment to the Obligations pursuant to a written agreement and, in the case of a Guarantor, any Indebtedness of such Guarantor (whether outstanding on the Signing Date or thereafter Incurred) which is expressly subordinate or junior in right of payment to the guarantee hereunder of such Guarantor pursuant to a written agreement.

“*Subordinated Shareholder Loans*” means Indebtedness of the Company, a Permitted Affiliate Parent or a Restricted Subsidiary (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 the Company, a Permitted Affiliate Parent or 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 Termination Date of the Facilities (other than through conversion or exchange of such Indebtedness into Capital Stock (other than Disqualified Stock) of the Company or a Permitted Affiliate Parent, as applicable, or any Indebtedness meeting the requirements of this definition);
- (2) does not require, prior to the first anniversary of the Termination Date of the Facilities, 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 Termination Date of the Facilities;
- (4) does not provide for or require any Lien or encumbrance over any asset of the Company, a Permitted Affiliate Parent or any of the Restricted Subsidiaries;

- (5) is subordinated in right of payment to the prior payment in full of the Obligations in the event of (a) a total or partial liquidation, dissolution or winding up of the Company or such Permitted Affiliate Parent or such Restricted Subsidiary, as applicable, (b) a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to the Company or its property or such Permitted Affiliate Parent and its property or such Restricted Subsidiary and its property, as applicable, (c) an assignment for the benefit of creditors or (d) any marshalling of the Company's assets and liabilities or such Permitted Affiliate Parent's assets and liabilities, or such Restricted Subsidiary's assets and liabilities, as applicable;
- (6) under which the Company or such Permitted Affiliate Parent or such Restricted Subsidiary, as applicable, 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 under a Finance Document in relation to the Obligations occurs and is continuing or (b) any other Default under the Finance Documents occurs and is continuing that permits the Lender to accelerate its outstanding Loans and the Company or such Permitted Affiliate Parent or such Restricted Subsidiary, as applicable, receives notice of such Default from the Administrator (acting on behalf of the Lender), 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 this Agreement 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 Administrator (acting on behalf of the Lender) to be held in trust for application in accordance with the Finance Documents.

*"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 as the context may require or as otherwise specified herein, each reference to a Subsidiary will refer to a Subsidiary of the Company or a Permitted Affiliate Parent, as applicable.

*"Tax Sharing Agreement"* means the tax cooperation agreement entered into with effect as of the 3rd day of March, 2006, by and between (1) Virgin Media and (2) 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, a Permitted Affiliate Parent and the Restricted Subsidiaries as shown on the most recent balance sheet (excluding the footnotes thereto) of the Virgin Reporting Entity (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 any 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.

*"Ultimate Parent"* means (1) Liberty Global plc and any and all successors thereto or (2) upon consummation of a Spin-Off, *"Ultimate Parent"* will mean the Spin Parent and its successors, and (3) upon consummation of a Parent Joint Venture Transaction, *"Ultimate Parent"* will mean each of the top tier Parent entities of the Joint Venture Holders and their successors.

*"Unrestricted Subsidiary"* means:

- (1) any Subsidiary of the Company or a Permitted Affiliate Parent that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors of the Company or a Permitted Affiliate Parent in the manner provided below; and
- (2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of the Company or a Permitted Affiliate Parent may designate any Subsidiary of the Company or a Permitted Affiliate Parent, as applicable (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:

- (A) 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 or of a Permitted Affiliate Parent which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary; and
- (B) such designation and the Investment of the Company or a Permitted Affiliate Parent in such Subsidiary complies with Section 4.07.

Any such designation by the Board of Directors of the Company or a Permitted Affiliate Parent shall be evidenced to the Administrator (acting on behalf of the Lender) by promptly filing with the Administrator (acting on behalf of the Lender) a resolution of the Board of Directors of the Company or a Permitted Affiliate Parent 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 this Agreement and any Indebtedness of such Subsidiary shall be deemed to be Incurred as of such date.

The Board of Directors of the Company or a Permitted Affiliate Parent 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, any Permitted Affiliate Parent and the Restricted Subsidiaries could Incur at least £1.00 of additional Indebtedness under Section 4.09(a) 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 any Capital Stock of UPC Broadband Ireland Ltd (or its successor) and its Subsidiaries not already owned by the Company 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.

*"U.S. Person"* means a U.S. Person as defined in Rule 902(k) promulgated under the Securities Act.

*"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 Finance"* refers to Virgin Media Finance PLC, a public limited 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 Media Parent"* means Virgin Media Communications; provided however, that (1) upon consummation of the Post-Closing Reorganizations, "Virgin Media Parent" will mean New Holdco and its successors, and (2) upon consummation of a Spin-Off, "Virgin Media Parent" will mean the Spin Parent and its successors, and (3) following a Permitted Affiliate Group Designation Date, "Virgin Media Parent" will mean a common Parent of the Company and such Permitted Affiliate Parent, and any successors of such Parent, provided that promptly following the completion of any such Permitted Affiliate Group Designation Date, the Company will provide written notice to the Administrator (acting on behalf of the Lender) of any such Parent elected pursuant to this clause (3).



“*Virgin Media Secured Finance*” means Virgin Media Secured Finance PLC, 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 Reporting Entity*” refers to (1) Virgin Media, or following such election in accordance with Section 4.03(e), Virgin Media Finance, the Company or such other Parent of the Company or (2) following a Permitted Affiliate Group Designation Date, a common Parent of the Company, each Permitted Affiliate Parent and each Affiliate Subsidiary.

“*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 (a) 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 and (b) in the case of a Receivables Entity, shares held by a Person that is not an Affiliate of the Company or a Permitted Affiliate Parent solely for the purpose of permitting such Person (or such Person’s designee) to vote with respect to customary major events with respect to such Receivables Entity, including without limitation the institution of bankruptcy, insolvency or other similar proceedings, any merger or dissolution, and any change in charter documents or other customary events) is owned by that Person directly or (2) indirectly by a Person that satisfies the requirements of clause (1).



**SCHEDULE 8**  
**FORM OF INCREASE CONFIRMATION**

To: [ ] as Administrator and [ ] as the Borrower

From: [the Lender] (the “**Increase Lender**”)

Dated:

**£352,000,000 facilities agreement dated      between, among others, Virgin Media Investment Holdings Limited (as Borrower), Virgin Media Limited, Virgin Mobile Telecoms Limited, Virgin Media Senior Investments Limited and Virgin Media Investment Holdings Limited (as Original Guarantors), and Virgin Media Receivables Financing Notes I Designated Activity Company (as Lender) (the Facilities Agreement)**

1. We refer to the Facilities Agreement. This agreement (the “**Agreement**”) shall take effect as an Increase Confirmation for the purpose of the Facilities Agreement. Terms defined in the Facilities Agreement have the same meaning in this Agreement unless given a different meaning in this Agreement.
2. We refer to Clause 2.4 (*Increase*) of the Facilities Agreement.
3. The Increase Lender agrees to assume and will assume all of the obligations corresponding to the Commitment specified in the Schedule attached hereto (the “**Relevant Commitment**”).
4. The proposed date on which the increase in relation to the Increase Lender and the Relevant Commitment is to take effect (the “**Increase Date**”) is [ ].
5. This Agreement may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.
6. This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.
7. This Agreement has been entered into on the date stated at the beginning of this Agreement.

## **THE SCHEDULE**

### **Relevant Commitment/rights and obligations to be assumed by the Increase Lender**

*[insert relevant details]*

This Agreement is accepted as an Increase Confirmation for the purposes of the Facilities Agreement by the Lender, and the Increase Date is confirmed as [    ].

Lender

By:

Administrator

By:

The Borrower

By:

clause

## **SIGNATORIES**

**THE BORROWER**

**VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED**

By:

By:

Address:

Fax:

Email Address:

Attention:

*(Signature page to the Facilities Agreement)*

**THE GUARANTORS**

**VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED**

By:

By:

Address:

Fax:

Email Address:

Attention:

*(Signature page to the Facilities Agreement)*

**VIRGIN MEDIA LIMITED**

By:

By:

Address:

Fax:

Email Address:

Attention:

*(Signature page to the Facilities Agreement)*

**VIRGIN MOBILE TELECOMS LIMITED**

By:

By:

Address:

Fax:

Email Address:

Attention:

*(Signature page to the Facilities Agreement)*



**VIRGIN MEDIA SENIOR INVESTMENTS LIMITED**

By:

By:

Address:

Fax:

Email Address:

Attention:

*(Signature page to the Facilities Agreement)*

**THE LENDER**

**Signed by a duly authorized attorney of**

**VIRGIN MEDIA RECEIVABLES FINANCING NOTES I DESIGNATED ACTIVITY COMPANY**

By:

Name:

Title: Authorised Attorney

Address: 3<sup>rd</sup> Floor, Kilmore House, Park Lane, Spencer Dock, Dublin1, Ireland

Email Address: [Ireland@tmf-group.com](mailto:Ireland@tmf-group.com)

Attention: The Directors

*(Signature page to the Facilities Agreement)*

**THE ADMINISTRATOR**

**THE BANK OF NEW YORK MELLON, LONDON BRANCH**

By:

Address:        [●]

Fax:            [●]

Email Address: [●]

Attention:      [●]

*(Signature page to the Facilities Agreement)*

**REGISTERED OFFICE OF THE ISSUER**  
**Virgin Media Receivables Financing Notes I Designated Activity Company**  
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Ireland

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Dublin 2, D02 CK83  
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**LEGAL ADVISORS TO THE INITIAL PURCHASERS**

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Ireland

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VIRGIN MEDIA**

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15 Canada Square  
London E14 5GL  
United Kingdom

**NOTES TRUSTEE AND SECURITY TRUSTEE**  
**BNY Mellon Corporate Trustee Services Limited**

One Canada Square  
London E14 5AL  
United Kingdom

**LISTING AGENT**  
**Arthur Cox Listing Services Limited**

Earlsfort Centre, Earlsfort Terrace  
Dublin 2, D02 CK83  
Ireland

**REGISTRAR**  
**The Bank of New York Mellon (Luxembourg) S.A.**  
2-4 Rue Eugène Ruppert  
L-2453 Luxembourg  
Grand Duchy of Luxembourg

**CORPORATE SERVICER**  
**TMF Administration Services Limited**  
3<sup>rd</sup> Floor, Kilmore House  
Park Lane, Spencer Dock, Dublin 1  
Ireland

**ADMINISTRATOR, ACCOUNT BANK, PAYING AGENT AND TRANSFER AGENT**

**The Bank of New York Mellon, London Branch**  
One Canada Square  
London E14 5AL  
United Kingdom

**LEGAL ADVISORS TO THE ADMINISTRATOR, NOTES TRUSTEE AND SECURITY TRUSTEE**

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One Bishops Square  
London E1 6AD  
United Kingdom

# Virgin Media Receivables Financing Notes I Designated Activity Company

**£350,000,000**

**% Receivables Financing Notes due 2024**



*Global Coordinator and Structuring Agent*

**Credit Suisse**

*Joint Bookrunners*

**Banca IMI**

**Citigroup**

**Deutsche Bank**

**ING**

**PRELIMINARY  
OFFERING CIRCULAR**

September 26, 2016

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