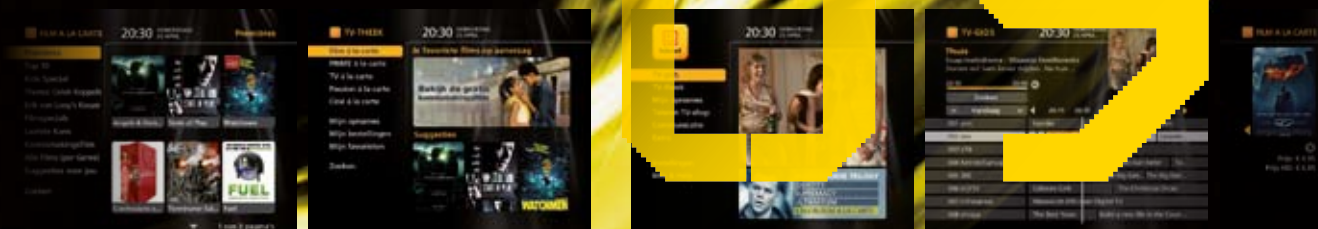


# Driving the future

## ANNUAL REPORT

REVIEW OF ACTIVITIES

# 2009



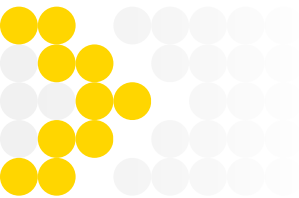
# KEY FIGURES

	2005	2006	2007	2008	2009
<b>// P&amp;L Highlights</b> <span style="float: right;">in million euro</span>					
Revenue	733.5	813.5	931.9	1,018.8	1,197.4
Gross profit	276.8	302.8	378.4	429.6	508.5
Adjusted EBITDA <sup>[1]</sup>	339.7	368.3	443.4	506.4	607.7
Operating profit	131.2	143.8	205.3	238.7	298.5
Profit (loss) before income tax	(62.0)	42.8	(6.7)	47.1	144.4
Profit (loss) for the period	(77.0)	8.5	20.7	(15.2)	233.1
<b>// Cash Flow Highlights</b> <span style="float: right;">in million euro</span>					
Net cash provided by operating activities	212.6	311.4	207.4	352.0	440.8
Cash capex	(183.0)	(207.9)	(193.9)	(230.8)	(273.9)
Net cash used in investing activities	(184.0)	(391.4)	(194.2)	(433.5)	(279.6)
Free Cash Flow	29.6	103.5	13.6 <sup>[2]</sup>	121.2	166.9
Net cash provided by (used in) financing activities	36.6	(71.5)	4.5	70.5	(81.1)
Net cash generated (used)	65.2	(151.5)	17.8	(11.0)	80.1
<b>// Balance Sheet Highlights</b> <span style="float: right;">in million euro</span>					
Non-current assets	2,235.7	2,403.3	2,457.5	2,859.7	2,995.3
Current Assets, excl Cash & Cash Equivalents	125.3	130.0	133.1	110.5	132.2
Cash and Cash Equivalents	210.4	58.8	76.6	65.6	145.7
Total Equity	709.1	721.7	170.1	170.2	360.1
Non-current liabilities	1,344.4	1,411.9	2,061.7	2,387.1	2,404.3
Current Liabilities	517.8	458.6	435.5	478.6	508.9
Net Senior Debt	1,155.8	1,232.4	1,825.4	1,919.9	1,844.7
Net Total Debt	1,279.2	1,355.1	1,969.7	2,297.7	2,220.4
<b>// Per share data</b> <span style="float: right;">in euro, except for shares outstanding</span>					
Weighted average shares outstanding	89,503,387	100,625,547	104,615,436	109,981,494	111,354,953
Basic earnings (loss) per share	(0.86)	0.05	0.20	(0.14)	2.09
Diluted earnings (loss) per share	(0.86)	0.05	0.19	(0.14)	2.08
Operating cash flow per share	2.38	3.09	1.98	3.20	3.96
Free Cash Flow per share	0.33	1.03	0.13	1.10	1.50
<b>// Multiples</b>					
Average share price for the period (€)	12.61	13.20	17.91	11.12	15.24
Average market cap for the period (€m)	1,129	1,328	1,874	1,553	1,697
Average enterprise value for the period (€m)	2,408	2,683	3,843	3,851	3,917
Net Senior Debt / Adjusted EBITDA	3.4	3.3	4.1	3.8	3.0
Net Total Debt / Adjusted EBITDA	3.8	3.7	4.4	4.5	3.7
Adjusted EBITDA margin	46.3%	45.3%	47.6%	49.7%	50.7%
Accrued capex/sales	25.5%	27.4%	24.0%	24.1%	26.5%
EV / Adjusted EBITDA	7.1	7.3	8.7	7.6	6.4
EV / Sales	3.3	3.3	4.1	3.8	3.3
Free Cash Flow as a proportion of revenue	4.0%	12.7%	1.5%	11.9%	13.9%

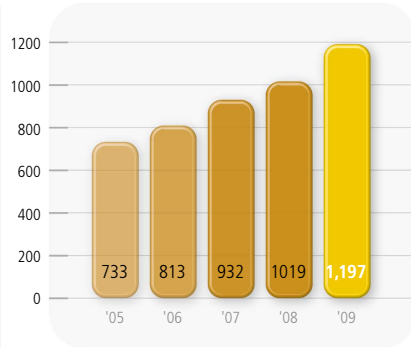
[1] Adjusted EBITDA: Adjusted EBITDA for FY 2008 and FY 2009 was restated, using our new definition of Adjusted EBITDA. The Adjusted EBITDA for the periods FY 2005 - FY 2007, included, refers to the reported EBITDA by the Company as indicated in previous Annual Reports. We define Adjusted EBITDA as EBITDA before stock-based compensation and restructuring charges, and before operating charges or credits related to successful or unsuccessful acquisitions or divestitures. Operating charges or credits related to acquisitions or divestitures are defined as (i) gains and losses on the disposition of long-lived assets and (ii) due diligence, legal, advisory and other third-party costs directly related to our efforts to acquire or divest controlling interests in businesses.

[2] Free cash flow for the financial year 2007 includes €164 million related to the debt financing of October of that year.

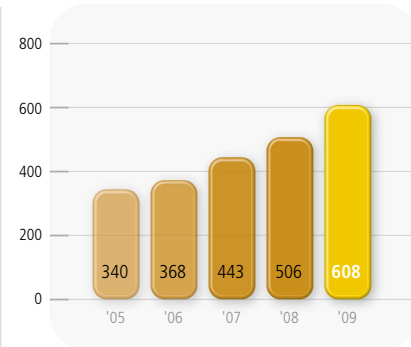




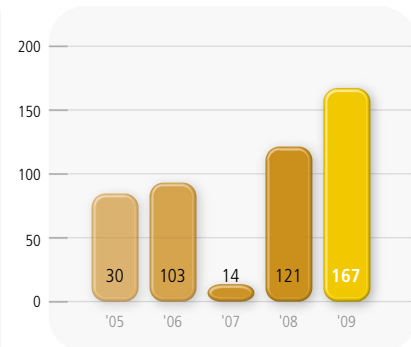
→ // Revenues



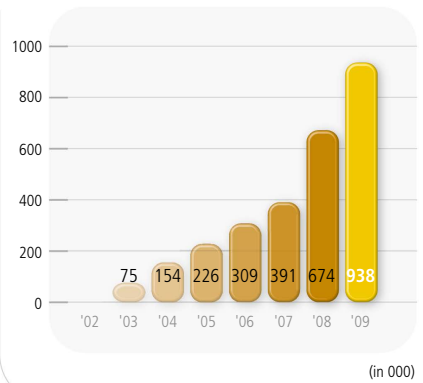
→ // Adjusted EBITDA



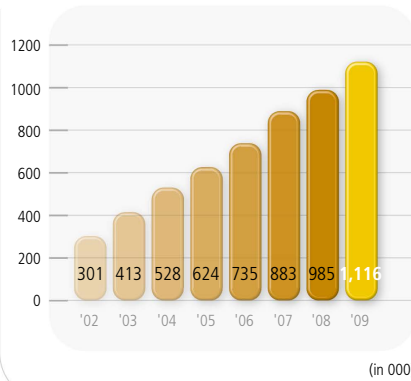
→ // Free Cash Flow <sup>(2)</sup>



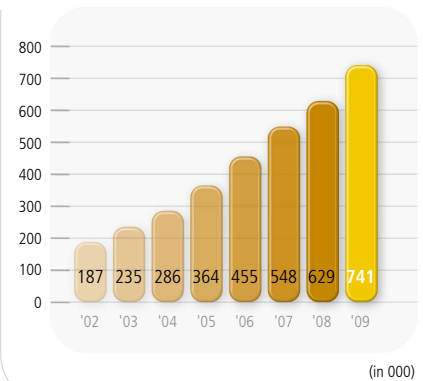
→ // iDTV customers



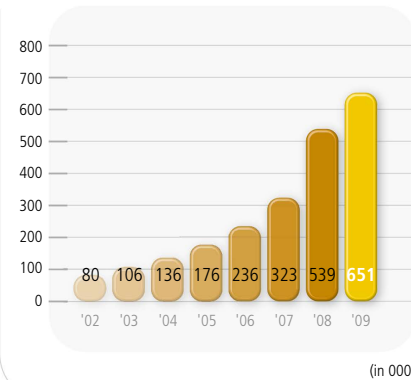
→ // Broadband internet customers



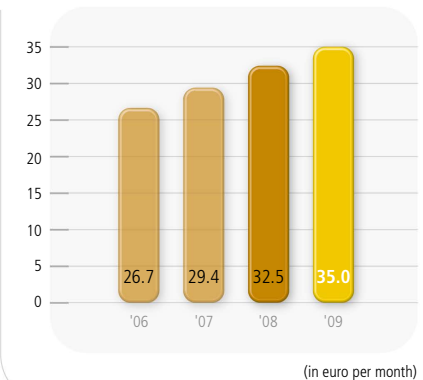
→ // Fixed telephony customers



→ // Triple Play customers



→ // Average revenue per user (ARPU)





# ANNUAL REPORT

# 2009





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## FUTURE PROSPECTS

This annual report contains certain quantitative and qualitative statements with regard to the development of the company, its future performance and financial position. These statements do not entail any guarantee, because performance is always dependent on a number of risks and uncertainties, and can be influenced by internal and external factors. With this in mind, due caution should be shown when reading this annual report and determining future prospects. Actual performance may differ from expectations, objectives and declarations. The most relevant risk factors and uncertainties are described in detail in this annual report. Telenet does not undertake to update these factors in response to any changes or developments or to disclose the possible impact on the present prospects.





1



# Corporate profile



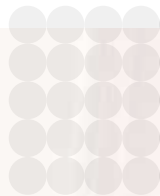


— 1.1 Telenet at a glance



— 1.2 Mission





# 1.1 Telenet at a glance







From left to right // Luc Machtelinckx - Executive Vice President General Counsel // Duco Sickinghe - Chief Executive Officer and Managing Director of Telenet // Piet Spiessens - Senior Vice President - Innovation & Business Development // Saskia Schatteman - Executive Vice President Residential Marketing // Jan Vorstermans - Executive Vice President Technology & Solutions // Renaat Berckmoes - Executive Vice President and Chief Financial Officer // Patrick Vincent - Executive Vice President Residential Sales & Care // Claudia Poels - Senior Vice President Human Resources // Ronny Verhelst - Executive Vice President Public Affairs and CEO Telenet Mobile.

Telenet is the largest provider of cable services in Belgium.

Telenet focuses on the provision of broadband, fixed and mobile telephony services and cable television, to residential customers in Flanders and Brussels. Professional communications services are also provided to corporate customers in Belgium and Luxembourg under the *Telenet Solutions* brand name.

As a telecommunications company, Telenet finds innovation and development extremely important, including the constant optimization of existing applications, the continuing expansion of the technological possibilities and the enhancement of the product and service offering. A convincing marketing approach, a creative product mix and efficient customer service ensure that Telenet is always able to appeal to new target groups.

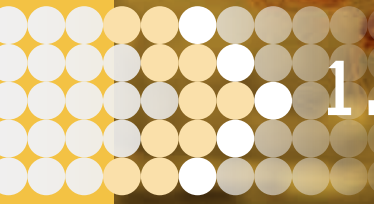
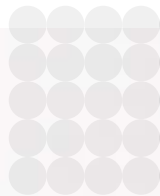
As a growth company, Telenet is highly conscious of its increasing responsibility in the community. Telenet has managed to significantly decrease its ecological footprint through a number of initiatives. Telenet has also demonstrated great social engagement, which is not only reflected in the socially-engaged product range, but also in the efforts of the Telenet Foundation to further close the digital gap between social groups.

Telenet's main office is located in Mechelen, with contact centers in Herentals, St-Truiden and Aalst, and regional sites in Roeselare, Merelbeke and Wijgmaal to provide technical assistance.

In 2009 Telenet employed over 1.800 people in total and generated a turnover of 1.2 billion euros.

Telenet is listed on Euronext Brussels and Eurostoxx 600 in the Bel 20 index.





## 1.2 Mission





Telenet wishes to contribute to the positive social development of people and companies through innovative, accessible networks. Today and tomorrow.

Telenet wishes to enrich the daily life of its customers with products and services that combine great technological performance and high entertainment value.

Telenet has targeted a leading role for itself at the intersection of television, internet and telephony.

Telenet has set itself the goal of being an honest and reliable partner for all customers, residential and corporate, as well as other target groups, through great quality consciousness and a focus on maximum customer satisfaction.

Telenet wishes to achieve its objectives by leveraging the commitment and motivation of a valuable team of inspired employees who are given opportunities to develop and improve their job skills.





2

→ The financial year 2009



— 2.1 Letter to shareholders



— 2.2 Important events in 2009 and early 2010



— 2.3 Strategic developments in 2009





## 2.1 Letter to shareholders

To our shareholders,

Telenet made substantial progress in 2009.

First and foremost, we were able to significantly enlarge our customer base. On the residential market we observed strong demand for our internet, fixed telephony and digital TV services. The number of broadband internet and fixed telephony customers has grown dynamically since our formation. Digital TV has also made great advancements since the launch in 2005, which demonstrates customer interest in this new, innovative platform. The demand for Telenet DTV accelerated with the integration of Interkabel, which increased our digital TV footprint by some 50%. Our mobile services for residential customers also posted strong figures, which demonstrates our potential to convince the market with a unique sales proposal. Our *Shakes+* service bundles have been positively received in our strategic markets.

Our Telenet Solutions business segment – with the exception of a number of withdrawn product lines – performed well, especially considering the economic context, which is characterized by strong price erosion. A fast-growing number of customers are recognizing the true value of our coax network for general voice and data traffic, due to its stability and the quality of our professional service.

Our revenues increased significantly, largely due to the organic growth ensuing from better sales of services to new and existing customers. The acquisition of BelCompany, a mid-sized distribution chain, and the integration of Interkabel contributed to growth of 18%.

BelCompany contributed to turnover growth, providing vital access to one of the most important Belgian distribution channels for mobile services, and stimulated growth in fixed telephony. Telenet was the first operator to offer subsidized handsets. It reflects our constant focus on bringing new services to market.

We invested in our activities at various levels: in training, recruitment and enriching our corporate culture, with the aim of constantly improving the efficiency of our organization. We have worked hard to optimize our internal processes and activities. We are convinced that this has enabled us to significantly improve the quality of our services, which has resulted in a lower contract cancellation rate. At the same time, we are reaping the benefits of improved operational leverage.

The growth of the customer base led to investments. A significant part of our investments was ploughed into optimizing IT systems and engineering platforms and certainly also high-quality hybrid fiber and coax networks (HFC). Due to the capacity of our network, we were able to protect the superiority of our product. The development of the most advanced, future-proof, super speed network, which will offer videoconferencing opportunities among other things, started with the recent announcement of Digital Wave 2015.





Our EBITDA and free cash flow improved substantially. In spite of the tough situation on the financial markets we were able to extend our non-current debt. In line with our strategic objective to optimize return on equity while also leaving sufficient wriggle room for any acquisitions, the Board of Directors will propose to the General Meeting of Shareholders a return in the form of a capital reduction of €2.23 per share.

In 2010 Telenet will achieve growth by converting single play into multiple play and by further increasing penetration in internet, fixed telephony and digital TV. Our ambition to strengthen the brand and offer customer-oriented services and a superior product experience, is very important to us.

Much of what we have achieved would have been impossible without the dedication, drive and commitment of our employees. We would like to thank them all warmly and to welcome the new colleagues who have joined our team during the past year.

We would also like to thank our operational and technical suppliers, our media partners and others for having worked so closely with Telenet to guarantee the ultimate customer experience.

Telenet will continue to focus on two main areas in 2010. First, we wish to further improve customer satisfaction and loyalty; second, we wish to offer new, innovative products with the potential to guarantee our future growth.

We look forward to making 2010 another successful year, for our customers, our employees and our shareholders.

Yours faithfully,

**Duco Sickinghe**  
Chief Executive Officer

**Frank Donck**  
Chairman



## 2.2 Important events in 2009 and early 2010





February 2009

## Full Service Mobile Network

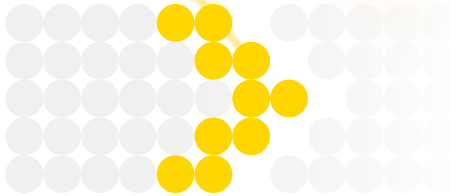
Telenet renews its strategic partnership with Mobistar for a further three years at least. The new partnership evolves into a full mobile virtual network operator (MVNO) agreement, which permits Telenet to develop its own mobile switching center (MSC) and work with Mobistar on its voice and data radio infrastructure. Mobistar has access to Telenet's fiber network for its transmission network. For Telenet, the agreement is one of the cornerstones in improving the convergence between its fixed and mobile services.

June 2009

## BelCompany

Telenet acquires the shops and points of sale of BelCompany in Belgium from Macintosh Retail Group NV. BelCompany is one of the largest providers of mobile telecommunication and associated products. The acquisition provides Telenet with a practical means of offering its mobile communication products and services directly to the general public.

**BelCompany**



# 2009

March 2009

## Bel 20

The Telenet share is listed on the Bel 20 index. At the same time, trading opens in options on shares of Telenet Group Holding NV. The options are offered on NYSE Liffe, NYSE Euronext's European derivatives market. The increased interest in Telenet among investors signifies Telenet's success in its quest to become one of Belgium's leading companies.

## Mobile Division

Telenet has been an active player on the mobile market for some time through its partnership with Mobistar, but the formation of a Mobile Division increases the focus on mobile products and services. The mobile voice and data communication offering is enlarged and in the future Telenet will incorporate it in its *Shakes+* to produce a quadruple play offering.

July 2009

## Integration of Integan customers

Telenet integrated all customers of Integan in its own portfolios to become the single point of contact for television and other services for these customers as of July 2009. This signals the start of the final phase of integrating customers in the former Interkabel area.

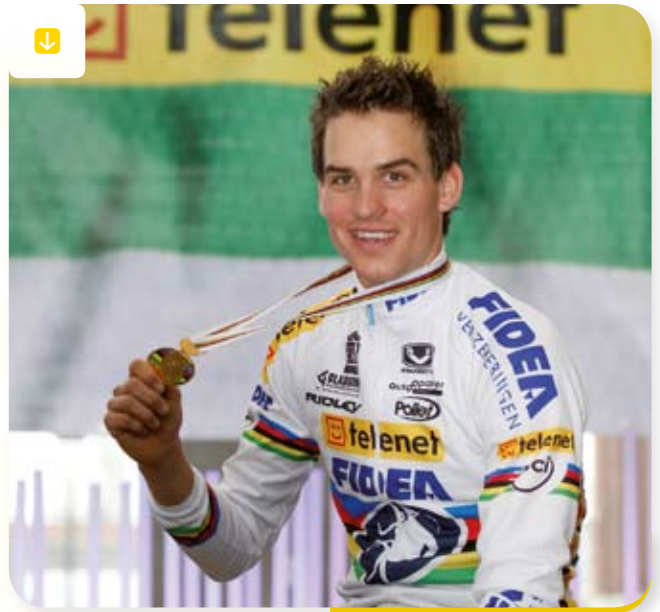
August 2009

## Social pricing

Telenet voluntarily introduces social pricing for internet, as it has in the past for other services. With this measure Telenet wishes to introduce low-income families to broadband internet at a modest monthly cost. Telenet also actively participates in Start to Surf, a government initiative. Telenet is thus making strides to achieve its ambition of helping to close the digital gap.

## Term Loan extension

Telenet launches a partial and voluntary process through BidCo NV to extend the due dates of the outstanding loan of €2,300 million under the senior credit facility. Telenet extends the average term of its debt by around 2.1 years, which is expected to provide more financial stability and flexibility in the medium term.



September 2009

## Telenet Fidea Cycling Team

Telenet reinforces its position in sports sponsoring and announces, together with Fidea and Pro-Contract, a partnership in the Telenet Fidea Cycling Team. The new cyclocross team, whose star names include Bart Wellens and Zdenek Stybar, is expected to raise Telenet's profile in a very popular sport in Flanders that fits Telenet's profile as a young, dynamic company. On January 31, 2010 Zdenek Stybar has won the world professional title in a Telenet Fidea Cycling Team jersey.

## Studio 100 TV

Telenet extends its partnership with Studio 100 to broadcast Studio 100 TV, the first Flemish music channel for children. The new channel is exclusive to Telenet Digital TV's standard package.



September 2009

## ZNA selects Telenet Solutions

Belgium's largest hospital group ZNA selects Telenet Solutions as its voice provider. All ZNA sites are hooked up to the Telenet fiber network.



October 2009

## High-end handset for one euro

Telenet launches Walk & Talk, a new mobile telephony product that combines an interesting tariff plan and a handset for one euro. Walk & Talk is a new step in Telenet's mobile strategy. By linking the hardware (handsets) to interesting subscriber tariffs, Telenet wants to energize the Belgian mobile telephony market, expecting to reduce the price of basic mobile services and increase the penetration of mobile broadband services.

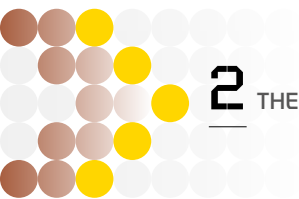
October 2009

## New channels

On October 1 Telenet boosts its selection of analogue and digital channels, responding to the viewing behavior and needs of Flemish TV viewers. Subscribers have access to vtmKzoom (a children's channel of VMMa with extra violence-free children's programming), the Flemish version of Discovery Channel (for documentaries) and Exqi Plus (a general Flemish channel with varied programming). The digital offering is improved with the introduction of a number of foreign channels, including TRT, ZDF, ARD and MediaSet Italia.

## Interkabel integrated

All former customers of Interkabel are integrated in the Telenet systems. At the same time, a new form of cooperation is introduced between Telenet and the pure inter-municipal cable companies, in which the latter assume the role of network manager under Telenet's supervision. This successfully completes the Interkabel integration, involving 800,000 customers and 5 different companies, after 12 months.



October 2009

### Installation of solar panels

Telenet activates the solar panels on the roof of the Mechelen main office. The solar panels are part of the Telenet *Samen Groen plan* and are expected to reduce CO<sub>2</sub> emissions. Telenet also encourages its employees to install solar panels at home by offering staff discounts on the purchase of solar panels.



December 2009

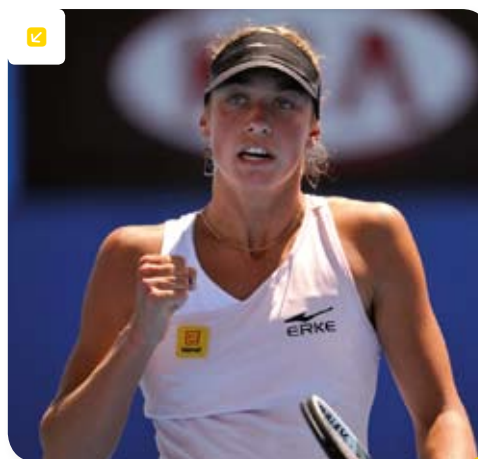
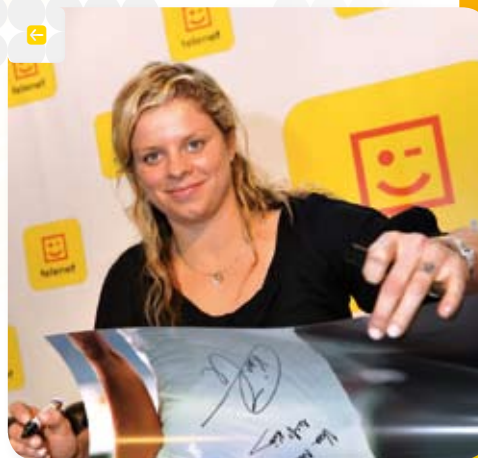
### Kim Clijsters and Yanina Wickmayer

Telenet actively sponsors top tennis in Flanders. Kim Clijsters and Yanina Wickmayer, young sportswomen who cherish the same values as Telenet, become Telenet ambassadors. By sponsoring popular sports personalities, Telenet wishes to raise its brand profile among the general public.

March 2010

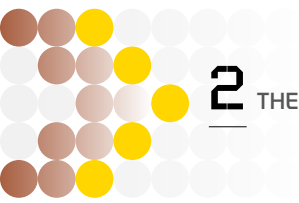
### Digital Wave 2015

Telenet presents its future vision at the European Cable Conference in Brussels. As stated in its *Digital Wave 2015* program, Telenet will continue to work on developing the most efficient network, enabling new network applications in the very near future, such as hi-tech video applications, 3D TV and remote medical assistance. Through this ambitious program, Telenet makes an active contribution to the continued digitization of Flanders.





## 2.3 Strategic Developments in 2009



## // Main highlights of 2009.

- Turnover of €1,197.4 million, 18% higher than in 2008, 9% of which was organic growth;
- Higher net growth than in 2008: broadband internet (131,000, +28%), Telenet Digital TV (329,000, +51%) and fixed telephony (112,000, +38%);
- New mobile tariff plans and targeted marketing campaigns drove a strong rise in the number of new subscribers;
- Adjusted EBITDA rose 20% to €607.7 million, resulting in an adjusted EBITDA margin of 50.7%;
- Corporate investments of €317.6 million, including €103.9 million for the purchase of set-top boxes;
- Free cash flow of €166.9 million, 14% of turnover, a rise of 38% compared with 2008;
- Strong improvement in net profit, positively influenced by a non-recurring tax credit;
- Proposed exceptional payment to shareholders of €2.23 per share.

## Our strategy

Telenet's strategy in 2009 was focused on a customer-oriented approach, the growth of our business and a solid free cash flow.

### Customer-oriented approach

In 2009 Telenet made significant progress in the pursuit of improved service. We implemented a wide range of measures to further optimize customer satisfaction. We regularly measured how customers view our services, which provided useful information on the potential improvements we could make.

Customers are continuously demanding better products and services, so it is our aim to stay ahead of the curve of their expectations. New products are and will remain the cornerstone of our ambitions. It is our view that our current and future network as well as our voice, video and internet platforms are well able to exceed these customer expectations.

In the residential segment we introduced better specifications for internet at prices that are competitive, both on a local and international basis. New TV channels were added to our analogue and digital platforms. The mobile services and related tariff plans offered by Telenet were substantially expanded. Elsewhere in this annual report we describe how the in-house efforts of 2009 will be transformed into innovations in 2010.





in millions of euros, excepting amounts per share

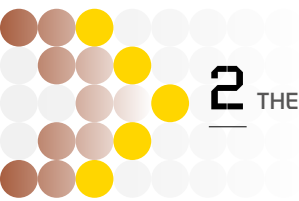
	FOR THE FINANCIAL YEAR ENDING		
	31 DEC 2009	31 DEC 2008	% DIFFERENCE
<b>// Financial figures</b>			
Revenue	1,197.4	1,018.8	18%
Operating profit	298.5	238.7	25%
Net profit (loss)	233.1	(15.2)	n/a
Basic earnings (loss) per share	2.09	(0.14)	n/a
Diluted earnings (loss) per share	2.08	(0.14)	n/a
Adjusted EBITDA	607.7	506.4	20%
Adjusted EBITDA margin %	50.7%	49.7%	
Accrued capital expenditures	317.6	245.9	29%
Capital expenditures as % of revenue	27%	24%	
Free cash flow	166.9	121.2	38%

000 provided services

<b>// Operational figures</b>			
Total cable television	2,342	2,402	-2%
Analogue cable television	1,342	1,729	-22%
Digital cable television (Telenet Digital TV + INDI)	1,001	674	49%
Broadband internet	1,116	985	13%
Fixed telephony	741	629	18%
Mobile telephony	129	87	48%
Triple play customers	651	539	21%
Services per customer	1.79	1.67	7%
ARPU per customer (euro/month)	35.0	32.5	8%

Telenet announced the above highlights and financial data in the press release of February 24, 2010 presenting the 2009 financial data. The full text of this press release is reproduced in the financial part of this annual report.





Our way of working has resulted in the largest rise in the number of new customers for broadband internet and telephony since Telenet's formation. At the beginning of the year, we reached one million broadband customers. iDTV also set a new record and the analogue to digital conversion rate increased to 14% compared with 11% in 2008. Since the launch of our subsidized handsets in the fourth quarter of 2009, the number of new customers has risen significantly. Generally speaking, our customer base in internet, fixed telephony and iDTV rose by 26%.

We made impressive progress in the segment of professional services to large companies and institutions. The investments in Telenet Solutions, together with the dedication and professional approach of the team, is clearly starting to pay dividends. The small and mid-sized business segment has been given greater attention and we are delighted with the results.

The PRIME channels and PRIME-on-Demand subscriptions have contributed to a rise in the use of premium TV services. Our subscribers demonstrated very good customer loyalty across the various business lines.

By decentralizing contact center capacity and bringing it under our own management we will improve the opportunities we have of listening to our customers and fine-tuning our services in response to what they tell us.

## Growth of the business

The growth in turnover was fairly evenly spread over the business lines. The penetration of broadband internet in Flanders for all providers was in excess of 70%. The market for fixed telephony has expanded greatly in recent years. Customers still want fixed telephony services, but at a lower price than the traditional operator demands. The penetration of iDTV continued to grow at a rapid pace, both at Telenet and in the entire digital TV market.

The positioning and improvement of our *Shakes+* have certainly stimulated the conversion to triple play. Digitization has also generated many single play TV subscribers. The switch to a multiple subscription by many of our customers is a key factor in the rise in the average revenue per customer. In accordance with our financial market outlook, we have shown that we are able to persuade our customers to subscribe to multiple services. By subscribing to service bundles customers save on the costs of individual products. Triple play is accordingly a win-win scenario. By the end of the year the number of customers subscribed to two or more products had risen by 7%, from 45% to 52%.

Our mobile services are a clear set of new products that is already driving further growth. We also expect growth through investments in new activities, such as GUNKtv.

The biggest growth in Telenet Solutions came from IP-based products over our fiber and coax network. Products such as IP-VPN were well received by our customers. More than ever, our customers have heavily stressed the importance of good customer service by our teams and the performance of our network. Customer satisfaction remained at an all-time high throughout the year.





The market for professional services is a segment that continues to be dominated by the incumbent operator. However, we have carefully developed our strategy and selected potential customers discerningly.

### Growth of free cash flow

The ultimate measure of our financial performance is how our free cash flow develops. This gives a clear indication of the combined impact of turnover growth, cost control, finance costs related to debt ratio, and investments.

Actual growth in 2009 was first and foremost driven by increasing revenue. Strict programs to control costs and reduce undesirable and inefficient expenditure were a second positive factor for our operational leverage. We have set up an organizational structure centered on our core businesses. This enables us to work with a double focus: by business line, to measure the success of our products on the market, and by process, to evaluate customer satisfaction.

Our investments have more than covered the growth in the customer base. The strong growth in the number of subscribers has perhaps mitigated free cash flow in the short term, but will certainly have a favorable impact on the growth potential in the long term.

We were able to further optimize our interest charges by continually restructuring our portfolio of interest hedges.

## Other businesses

Hostbasket, which is active in remote storage and hosting, had a very successful year in terms of both revenue and EBITDA growth. We are convinced that these services will form an ideal combination with our residential and professional offering in the short and long term.

The financial health of our online services improved strongly. At the end of 2009 the number of unique customers visiting our sites on a daily basis had grown by more than 25% compared with the previous year. Our *user-generated content* site Garage TV scored well. Our news portal, which is produced in partnership with Concentra, had a successful year fueled by the launch of the iPhone application among other things.

T.Vgas is an ambitious young company formed on the basis of a partnership agreement between the successful Vgas production house and Telenet. T.Vgas began trading on January 1, 2009. As a wholly owned Telenet subsidiary T.Vgas has the task of putting its media into profit by bringing together advertisers and their target group of young adults. To achieve this, T.Vgas employs cross-media products focused on young adults and the things they find important.

## Debt rescheduling

Against the backdrop of an uncertain financial market, Telenet took the voluntary decision to reschedule its outstanding loans. The due dates were extended by two years on average.

## Major investment programs

### New television services

The demand for High Definition set-top boxes means that more than 50% of our customers watch TV in HD. A string of new HD channels were added in the course of 2009. Telenet invested heavily to develop new products and services that will be brought to market in 2010. A new graphical user interface for our digital TV customers will make watching TV even more convenient. The option of controlling the Digicorder online will bring remote programming within reach of our customers. The movie library of 'Video on demand' will also be enlarged.

### Full MVNO

For several reasons, Telenet has started to focus on mobile services as part of the desire to respond to lifestyle changes among its customers. The arrival of multi-application devices combining internet and voice will provide our customers additional mobility. There is a strong trend for combined fixed and mobile telephony subscriptions, with a variable degree of integration. Virtually all of our customers currently have a mobile phone subscription with other providers. To ensure our customers are not dependent on competitor operators, Telenet decided to integrate mobile telephony into its offering.

Since 2006 Telenet has a mobile virtual network operator (MVNO) agreement with an external mobile network operator (MNO). This has enabled Telenet to offer and support mobile voice and data traffic to customers.

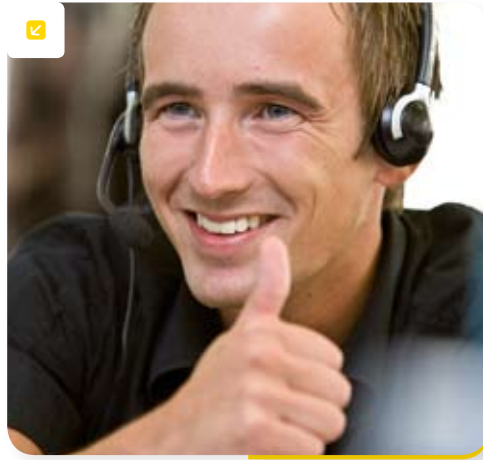
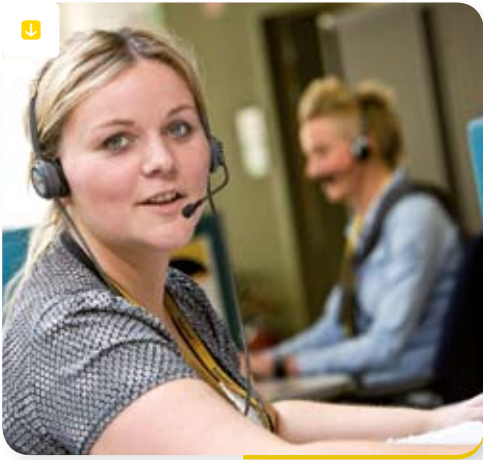
At the beginning of 2009 Telenet entered into an additional agreement with Mobistar with the intention of developing into a full MVNO, which encompasses the development of an own mobile switching centre.

Expectations with regard to the integration of fixed and mobile telephony, the required flexibility in the development of services and pricing as well as customer loyalty were stimulating factors for this strategy. We expect the platform to be fully operational by quarter 3 2010.

### Network

The hybrid fiber and coax network is an important building block in our business model. We have completed the Mach 3 project. Some 130-150 Mhz of extra bandwidth was freed up for video and IP services. The available capacity has already been used for additional TV channels and internet bandwidth or volume. We have ensured the network is ready for the internet speeds of EuroDOCSIS 3.0, which have already been incorporated in our FiberNet product range. We have made good progress in splitting up our network nodes into smaller groups of 500 households rather than the current 1,400. That will further improve the speed and reliability of our services.





### Contact centers

The customer satisfaction rates in the contact centers under its own management together with the improved possibilities for call optimization have prompted Telenet to increase the internal capacity from less than 30% to around 70%. We feel this is possible at a marginal extra cost. A network of three local contact centers was chosen to ensure we are able to attract the best people to staff them.

### IT & engineering

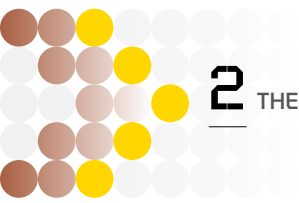
To support growth, Telenet has developed a new IT architecture. During the past year the invoicing module was entirely replaced. We will further optimize our full IT infrastructure, which should make it easier for us to meet our challenges over the next two years. Significant engineering efforts were invested to upgrade and improve the various product platforms.

## Acquisition BelCompany

At the end of the summer of 2009 Telenet finalized the acquisition of BelCompany. BelCompany is a retail chain currently offering multi-brand mobile and fixed telephony services through some 55 points of sale. Even after the acquisition BelCompany continued to sell products from competing operators. BelCompany provides vital access to a distribution channel for mobile services, stimulating distribution of our mobile products and contributing to growth of our fixed telephony.

## Public affairs

Telenet has actively cooperated with diverse government bodies. We are confident that Telenet maintains a good professional relationship with the regional and federal government. The government views Telenet as a reliable discussion partner when it comes to setting priorities in the broadband and media industry.



## Telenet Foundation

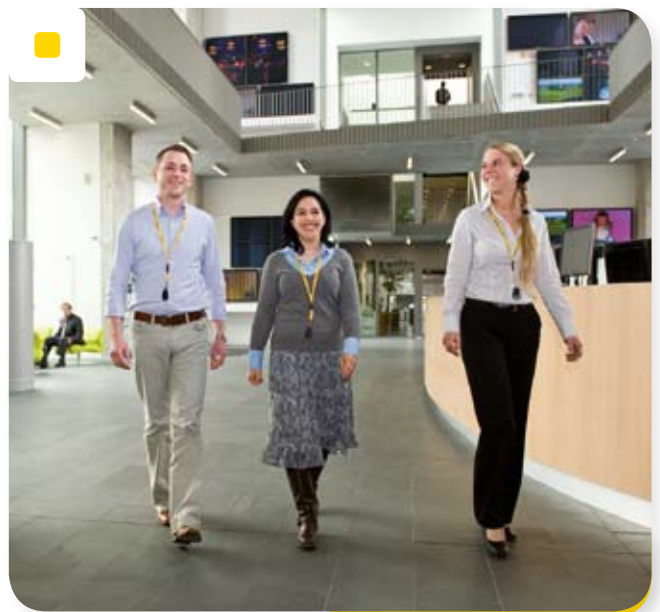
The Telenet Foundation, an independent foundation supported by Telenet, wishes to provide all children with access to digital internet, especially those for which this is a less obvious step. One million euros has already been spent in a four-year period to support approximately 70 projects in four project groups (see the *sustainable business* section for more details).

## Our green program

Telenet has launched an extensive program to reduce CO<sub>2</sub> emissions. Telenet's own footprint has been reduced by 47% over the past two years. The new generation of set-top boxes will consume less energy thanks to the new chipset. Each Telenet department has also implemented its own green plan (see the *sustainability business* section for more details).

## Human resources

Telenet's human resources policy has evolved in recent years from a purely administrative staff management function to a dynamic service provider and an external calling card for Telenet. Telenet's typical corporate culture is actively cultivated, leading in 2009 to the further optimization of a number of measurable HR policy parameters (see *the human resources* section for more details).





03



# Corporate culture





 — 3.1 Human resources

 — 3.2 Quality

 — 3.3 Sustainable business





## 3.1 Human resources







Telenet has experienced exponential growth since its formation. The fast rise in the number of employees has demanded the comprehensive professionalization of HR in recent years. The human resources policy has evolved from a purely administrative staff management role to a comprehensive internal service provider. It plays an active role in the company's development in terms of both structure and approach.

HR at Telenet is based on the traditional foundations of staff policy, including recruitment and training. These are complemented with a number of eye-catching Telenet initiatives that reflect our dynamic character in this area too.

## Recruitment

Studies show that the general public is more likely to view Telenet as a brand than a potential employer. Numerous initiatives have been launched in recent months to highlight the career opportunities within the group. All those efforts in *employer branding*, through which Telenet targets highly skilled technicians, IT specialists and engineers among others, have focused attention on the leading position in applied technology, internal growth opportunities and the organization's social role.

Uniquely, employees can actively contribute to the success of the hiring efforts through the *Refer a Friend* program, which stimulates involvement and motivation. In 2009 some 15% of all new hires came through the referral program. The aim is to further increase this percentage.

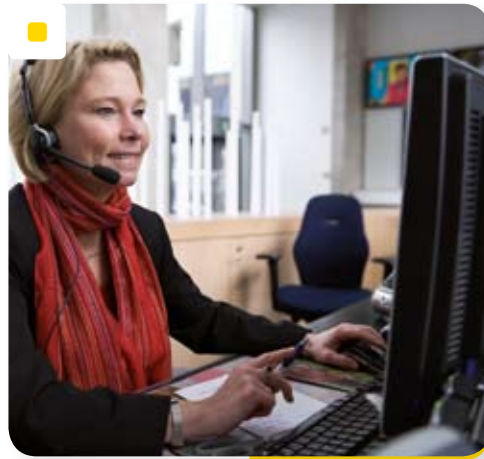
## Training

Telenet's training program comprises an array of internal and external trainings, and was enlarged in 2009. A new training matrix was developed, based on an in-depth in-house survey. Numerous opportunities are offered through the intranet training portal, based on the target group and such themes as management skills, people management and customer orientation. At least as important is the development plan, which provides job rotation opportunities, among other things. In 2009 there were more than a hundred internal departmental transfers at Telenet, which is a clear illustration of the company's active character and HR policy. Uniquely, job rotation opportunities are also extended to position at the main shareholder Liberty Global International.





Change to improve  
 Care to grow  
 Cooperate in trust  
 Passion to deliver



## Performance management

Monitoring of day-to-day performance is incorporated in the job assessment system, which provides annual targets and thorough evaluation of results. Interim feedback is also given a great deal of attention, enabling more active coaching. Employees are also able to give feedback on how their managers supervise them. The bonus system is linked to the job assessment, but also other factors, including Telenet's performance in customer satisfaction.

## Telenet, a company from and for its people

As an employer, Telenet displays the same dynamism as when it comes to expansion opportunities. Employees are given plenty of challenges, personal development and training opportunities and the dominant atmosphere throughout the company is stimulating, young and dynamic. Internal promotion is highly valued and stimulated through the large number of positions at many levels in various fields. People take advantage of their career opportunities too. One in three advance their career. The key success factors are proactivity, team spirit, integrity, dedication and customer focus; qualities that ensure optimal customer satisfaction at every level.

## // Workforce year-on-year

YEAR	NUMBER OF EMPLOYEES*
2007	1,687
2008	1,716
2009	1,817

\* The number of employees is based on the number of persons on a fixed contract, regardless of the nature of the contract. Telenet also uses around 1.000 external employees in contact centers and other service jobs.

## // Workforce by gender

NATURE OF THE JOB	MEN	WOMEN
Total group	65%	35%
Managers	73%	27%

## // Average age in years

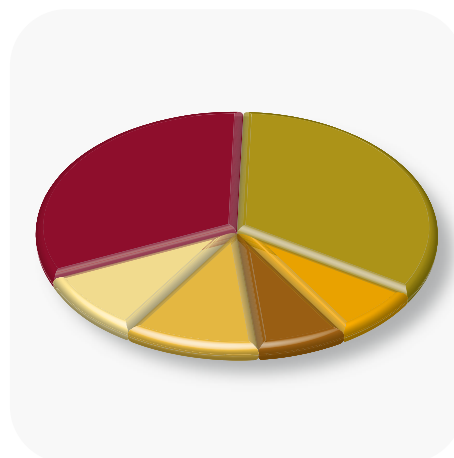
GENERAL	MEN	WOMEN
37.9 [*)	39.4	34.9

\* A slight fall compared with 2008.

## Workforce by skills domain

As a technology company, Telenet is obviously very concerned about ensuring that the technical profiles within the company are filled optimally. But Telenet has a lot more to offer. The workforce is made up of employees in many other skills domains. The table below strikingly shows that huge efforts to optimize customer service and satisfaction have led to a high number of employees in the contact centers, a service that Telenet has brought increasingly under its own management.

### → // Workforce by skills domain



- Engineering & technical profiles
- Contact center
- Sales & Marketing
- Staff & Administration
- B2B
- IT



## Geographic distribution



**Telenet werft  
nog dit jaar  
40 extra  
medewerkers  
aan.  
En uw bedrijf?**

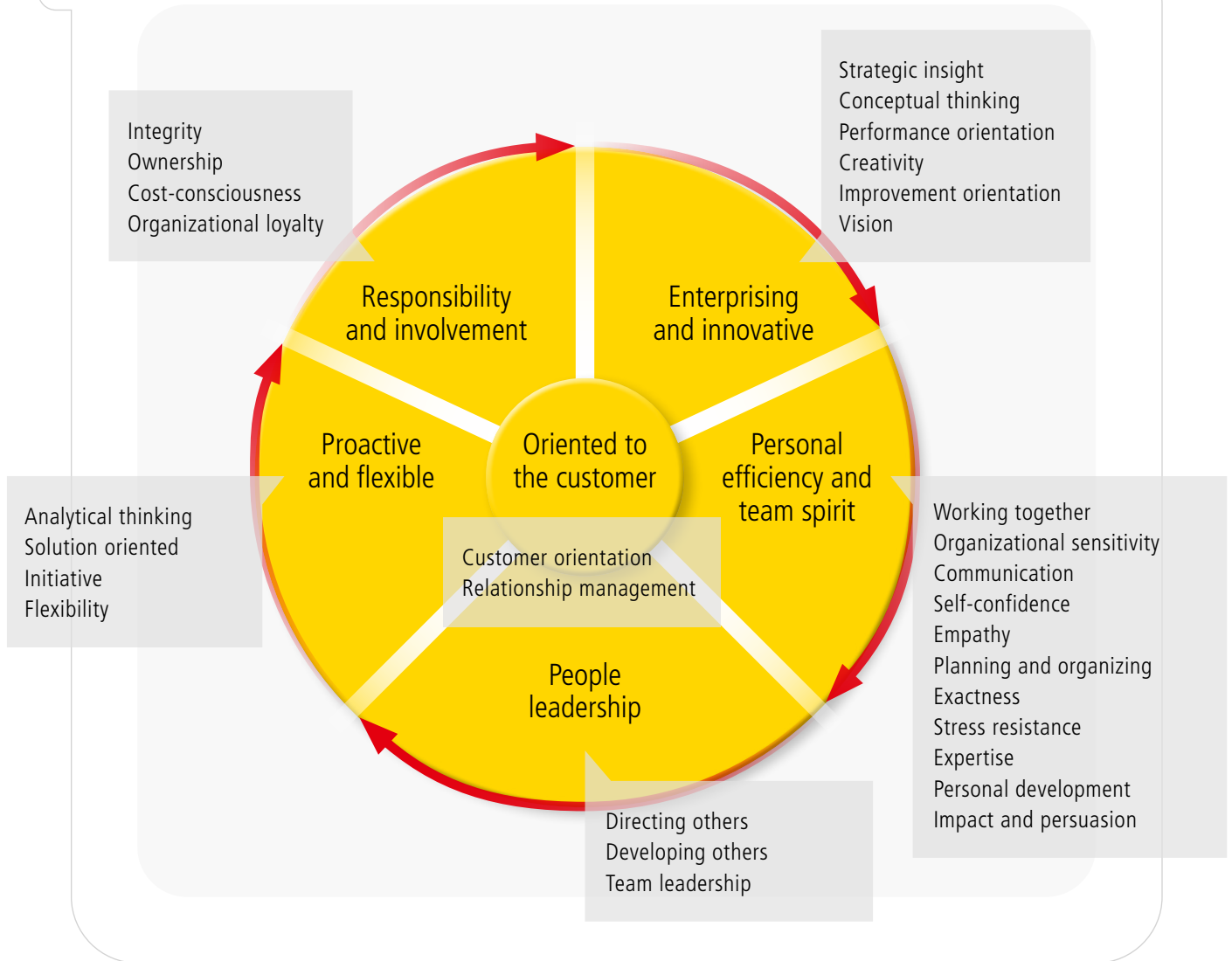


De 40 extra medewerkers worden aan de slag gezet voor de komende maanden. Dit is een tijdelijke maatregel die wordt genomen om de groei van Telenet te ondersteunen. De medewerkers worden voor een periode van maximaal 6 maanden aan de slag gezet. De medewerkers worden voor een periode van maximaal 6 maanden aan de slag gezet.

At the end of 2009 Telenet took the Jobat Challenge to hire 40 extra people for its regional contact centers in the short period between early November and the Christmas holidays. By successfully meeting this challenge Telenet demonstrated that it is achieving sufficient growth to create new jobs even in times of economic crisis.



### → // The 30 Telenet skills



## Telenet leadership model

As part of an in-depth study, Telenet has identified the thirty key skills important to all employees. These can be classified in one of six skills clusters, as shown in the figure.

The skills model will play a central role in Telenet's hiring policy and serve as a reference point in the performance management cycle. Training and development policy will also be geared to the Telenet skills.





## 3.2 Quality



→ // Management bonus structure



## Focus on customer satisfaction

Quality is a popular concept that numerous companies wish to leverage to differentiate themselves from their competitors. At the same time, quality is often an abstract thing that is difficult to measure.

Telenet has made the quality of its products and services one of the most important strategies in efforts to assure the future of the company.

Perception of quality, regardless of whether it relates to technology, content, pricing, service or other aspects, can be measured through customer satisfaction. A number of new programs have been rolled out since 2008 to measure and improve customer satisfaction.

The marketing department partners up with external specialists to draw up a monthly overview of satisfaction rates. This study is complemented with surveys among customers for whom repairs have been carried out and subscribers who have used the services of the Telenet contact centers. The information gathered through these surveys is distilled to measure the customer satisfaction percentage. Telenet sets very high standards for itself, targeting customer satisfaction well above 90%.



## // Customer certificate

Telenet is very concerned about the quality of its products and services. Within the HR policy, the customer certificate shows that this philosophy is not limited to communication, but is in fact an integral part of day-to-day operations. Before they are awarded the customer certificate, all employees must spend a fixed period working intensively in a customer-facing position. This enables employees to get hands-on experience of customer satisfaction, ensuring it does not simply remain an abstract concept.

To ensure the concept of customer satisfaction permeates the entire organization, the Human Resources department runs a customer certificate program. The Compass project was rolled out at the contact centers in 2009 to further improve the quality of agent-customer contacts. Based on the results, Telenet has opted to reintegrate some services that are currently provided by external centers.

The incorporation of customer satisfaction as a measurable parameter in the bonus system shows how serious Telenet is about service quality. 40% of the total amount of potential bonuses awarded to management by Telenet is directly linked to the company's customer satisfaction performance.





## 3.3 Sustainable business





Since formation in 1996, Telenet has experienced striking growth, reflected not only in expansion of operations but also in the broad impact the company has on communities and society as a whole. Telenet is fully aware that with development comes greater responsibility, especially in terms of sustainable development. The awareness that every company can play a social role has spawned two different goals. Telenet wishes to minimize its ecological impact, while also maturing its role as a good citizen who embraces its corporate social responsibility.



## Ecological footprint reduced

Continually reducing your ecological footprint is a major challenge for a growing business like Telenet. But it is a challenge written into the company's DNA, which has already resulted in a number of ecology projects. For one, Telenet has consumed exclusively green energy since 2008.

In September 2009 Telenet launched the *Samen Groen* plan, which it runs in tight partnership with main shareholder Liberty Global. One of the program's most important goals is substantially reducing the company's overall CO<sub>2</sub> emissions. Telenet wishes to achieve this by, among other things, keeping employees fully informed, through in-house channels, on how they can be ecologically proactive at home and at work.

The permanent awareness-raising campaigns throughout 2009 have resulted in a striking number of initiatives and inspirational actions in various areas, including energy consumption, mobility, network efficiency, and building and room management. Telenet expects to reduce CO<sub>2</sub> emissions by 6,000 tons by mid-2010, including in customer homes.

As well as its own employees Telenet also wishes to involve third parties in its ecology initiatives. Technology-wise, a number of modernization programs, including the replacement of outmoded modems and other equipment, has driven down energy consumption significantly among customers. The next step will be to actively involve suppliers in Telenet's environmental protection efforts too.

Importantly, when it comes to ecology issues Telenet does not wish to restrict itself to complying with the legal regulations. The goal is to be proactive in taking its environmental awareness approach to the next level.





## // Selected ecological achievements from 2009 and 2010.



### Mobility:

- 'slimweg' mobility study for Telenet employees
- encouraging car pooling
- provision of 50 bikes for employees at Mechelen central train station
- use of new technicians' cars with lower emissions
- eco car policy

### Energy:

- consumption of exclusively green electricity since 2008
- 'switch off' program to minimize energy wastage
- installation of solar panels at the Mechelen main office
- discount program for employees who install solar panels at home
- new-tech set-top boxes with a hard drive that powers down automatically after a period in stand-by mode
- studies to develop low-energy adapters



### Technology:

- installation of low-energy IP routers
- replacement of 120,000 outmoded modems with low-energy types
- replacement of old equipment for analogue TV services
- installation of efficient cooling systems and low-energy servers at the data centers

### Waste prevention:

- fewer pages, greener packaging of the PRIME 6 Digital TV magazine
- 3.2 million less clicks (prints, faxes, scans and copies) since 2006
- use of 100% FSC paper
- recycling of set-top boxes
- extension of e-billing

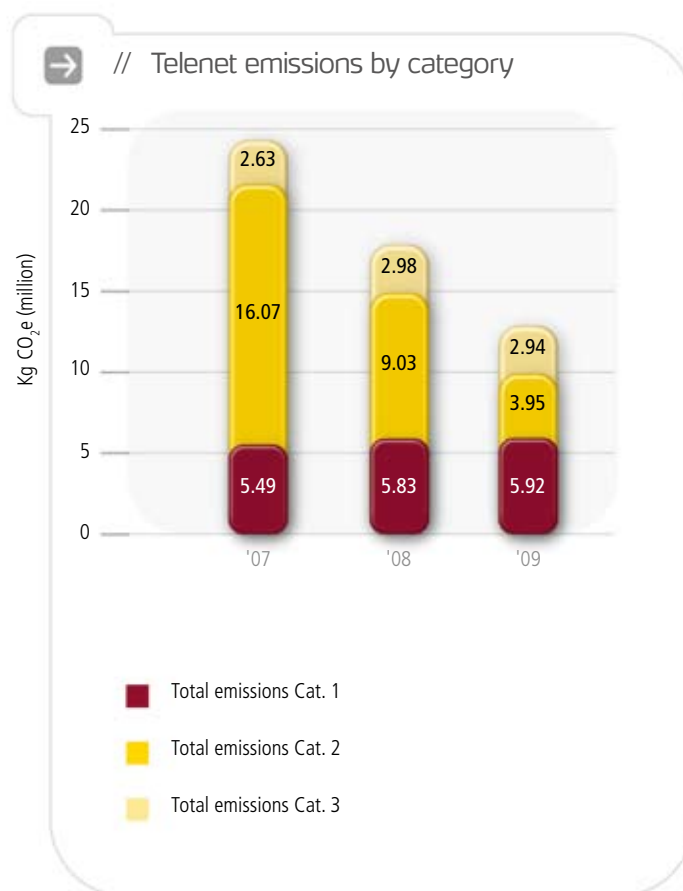


## Explaining our CO<sub>2</sub> footprint

At Telenet we catalogue our footprint in three main categories, in line with the World Business Council for Sustainable Development Greenhouse Gas Protocol.

- Category 1: direct energy sources, such as fuel (petrol, gas, fuel oil etc)
- Category 2: indirect energy sources, such as electricity
- Category 3: other energy sources, such as business trips and commutes

In 2009 CO<sub>2</sub> emissions in categories 1 and 2 was 9,888 tons. With the addition of category 3, our total CO<sub>2</sub> emission is 12,832 ton. Telenet's total CO<sub>2</sub> emissions have fallen by 47% since 2007.



When we align our CO<sub>2</sub> performance to our revenues, the ratio is 0.01 kg per euro, compared with 0.02 kg per euro in 2007.





## Telenet's social role

### Telenet Foundation contributes to closing the digital gap

As a telecommunication company, Telenet has a key role to play in developing the digital society. At the same time, Telenet understands that those unable to keep up with digitization are disadvantaged when it comes to personal development opportunities.

The Telenet Foundation, an independent foundation supported by Telenet, wishes to provide all children with access to digital internet. One million euros has already been spent in a four-year period to support 70 or so projects classified in one of four project groups.

The Telenet Foundation wishes to open up access to modern information and communication technology. Some 30,000 youngsters have already been given the chance to get hands-on experience of digital technology through various programs. Studies into projects supported by the Telenet Foundation show:

- 8 out of 10 projects did not exist before receiving funding from the Telenet Foundation
- 8 out of 10 projects are now viable without further funding from the Telenet Foundation

Telenet employs the London Benchmarking Group (LBG) model to measure its support to social organizations and charities. The LBG model enables standardized measurement and management of a company's social engagement.



### // Total contribution for 2009

(Including cash, time, gifts in kind and management costs)



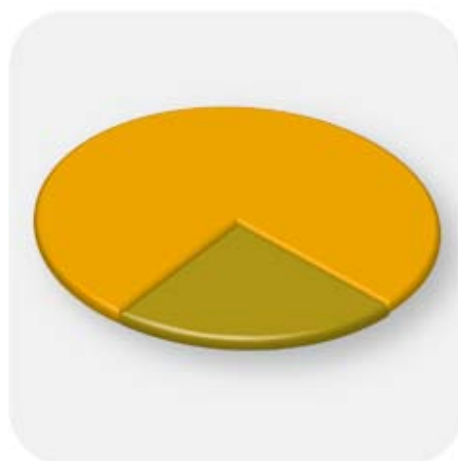
- Cash 79.8%
- Voluntary work by employees 2.5%
- Contribution in kind 6.1%
- Management cost 11.6%

→ // Contributions by theme



- Child-raising and youths 81.9%
- Environment 1.3%
- Emergency assistance 3.3%
- Social welfare 13.4%

→ // Why we contribute



- Investments in community 76.5%
- Gifts to charity 23.5%





### My Zone by Telenet

Telenet supports numerous social charities. One of our major initiatives is the *My Zone* project, which targets children staying in hospital. Active chat sessions are set up with Cliniclowns using laptop, webcam and an internet connection. The project ran in seven hospitals in 2009. It will be expanded in 2010 with the integration of at least two additional hospitals.

### PC Solidarity

In 2009 the Telenet Foundation formed a partnership with *PC Solidarity*, which reconditions computer equipment donated by companies and gives them a new lease of life at social organizations. The Telenet Foundation contributed to the donation of 250 personal computers, which were distributed to various NPOs in Belgium.

### Bonjour Afrique

*Bonjour Afrique* is a striking development assistance project in which a group of Telenet employees implement initiatives in Senegal. Achievements include the building of a school in Medina Gounass (Dakar), the establishment of a computer and educational training courses centre and a honey-farming project in Sindia.

As well as the above projects, Telenet supports dozens of projects every year. It is inherent to the Telenet philosophy to center all sponsoring projects on charity. In that way, Telenet wishes to fulfill its social role and assume its responsibilities as a good corporate citizen with great enthusiasm.

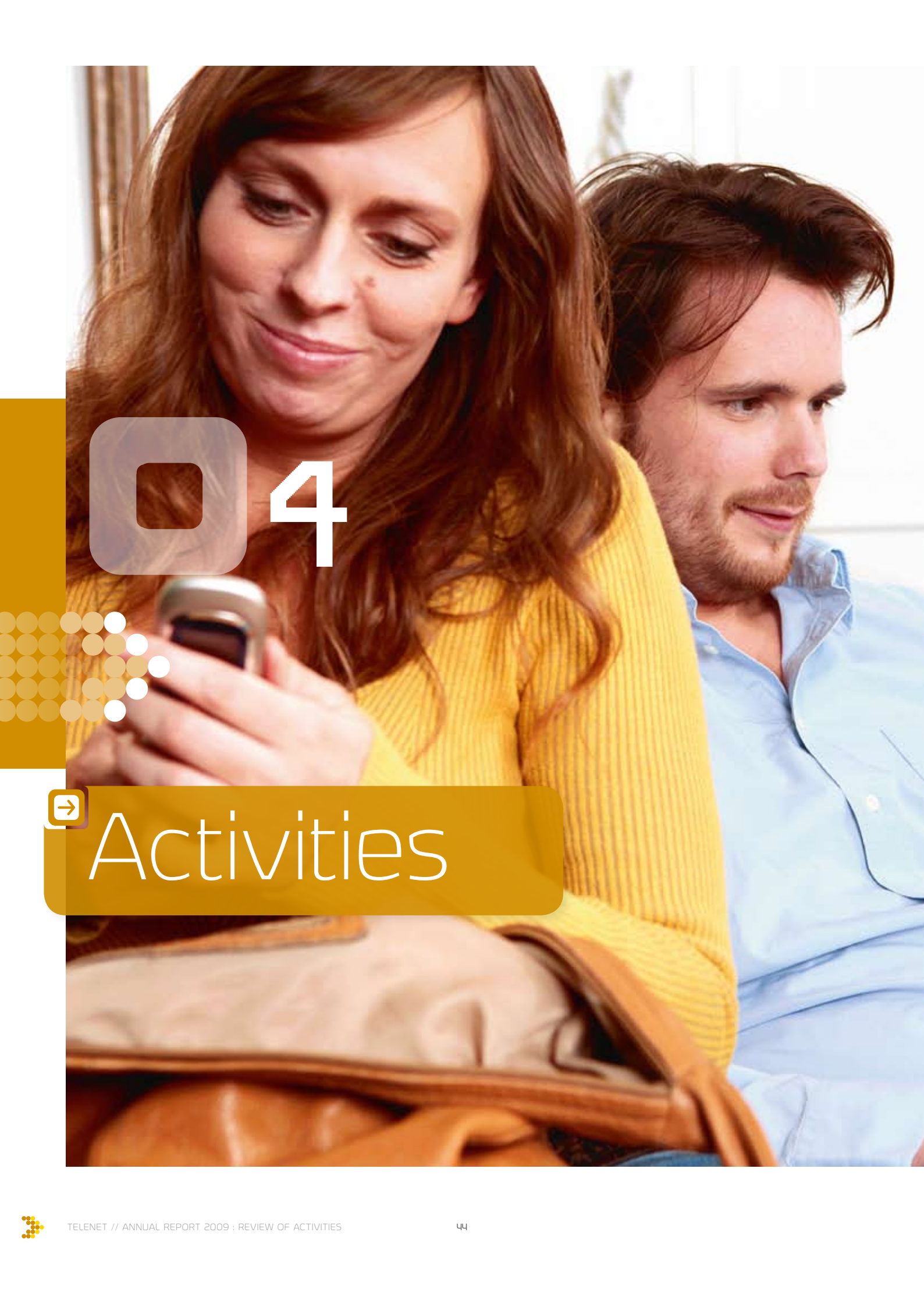




// Selected charity efforts and support in 2009.

- Telenet Foundation
- PC 2nd Life
- My Zone
- Make-a-Wish
- Bonjour Afrique
- Vluchthuis Mechelen
- Cliniclowns
- United World Colleges
- Haiti Lavi
- ...





04



# Activities







— 4.1 Broadband internet



— 4.2 Telephony



— 4.3 Television



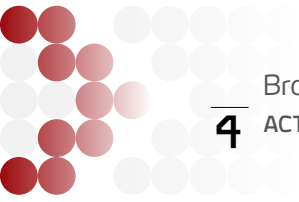
— 4.4 Customer-oriented offering





## 4.1 Broadband internet





## High-speed web access

Broadband internet was one of the first operational activities to be developed by Telenet. The fiber network and coax cables enabled Telenet to market the fastest internet connections around from day one. To fulfill the expectations of today's dynamic customers speeds and volumes have been continually improved in recent years. That has enabled Telenet to reinforce its leading position in this area. Thanks to Telenet's efforts, Belgium is now one of the global leaders when it comes to connection speeds.

## Associated services

Telenet provides not only high-speed web access, but also associated services, such as hosting, anti-spam and anti-virus protection. By raising awareness among parents, Telenet wishes to contribute to ensure that children are kept out of harm's way when they are online.

## Business Solutions

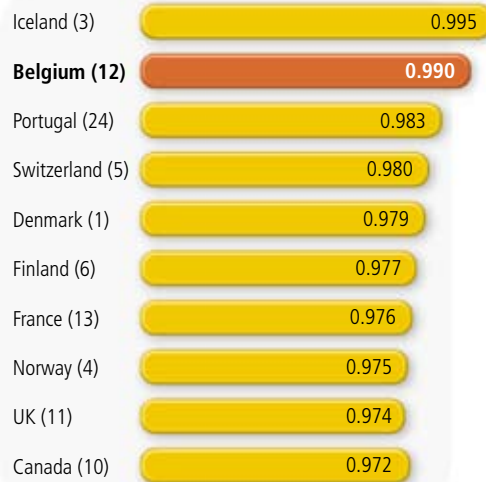
Specifically for businesses, Telenet markets internet and data products over various media (coax, DSL and fiber). The offering is tailored to the needs of the sector, including full solutions with respect to internet connectivity and secure networks for companies working out of multiple sites.

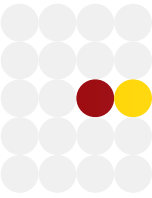


## Broadband penetration

The quality of the broadband offering in Belgium has driven product penetration significantly. Belgium is rated very highly in the Broadband Efficiency Index (BEI), which measures the theoretical expected penetration of countries with actual results.

### → // Broadband Efficiency Index





## Developments in 2009

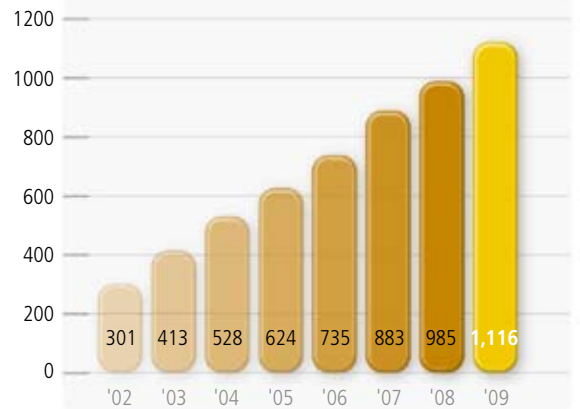
### Strongest increase new customers in years

2009 was a fantastic year for broadband internet, with an unprecedented net rise in the number of subscribers since the launch of high-speed internet in 1996. In 2009 Telenet welcomed a net 131,000 new broadband subscribers, which represents a 28% hike in growth compared with 2008. The strong growth was driven by both higher sales and a fall in the number of contract cancellations. In the final quarter alone, the subscriber base rose by 31,000. Telenet ended the year with 1,116,000 broadband subscribers, 13% more than at the end of 2008.

Broadband penetration (as a percentage of the number of connected households) increased further from 35.6% at the end of 2008 to 39.9% at the end of 2009. Telenet is convinced that the strong growth in the number of broadband subscribers is driven by various factors, including:

- Product leadership and faster speed compared with competitor technologies
- Network reliability
- Attractive pricing, because the internet component in the service bundles offers better internet specs than individual internet products.

→ // Broadband internet customers



(in 000)

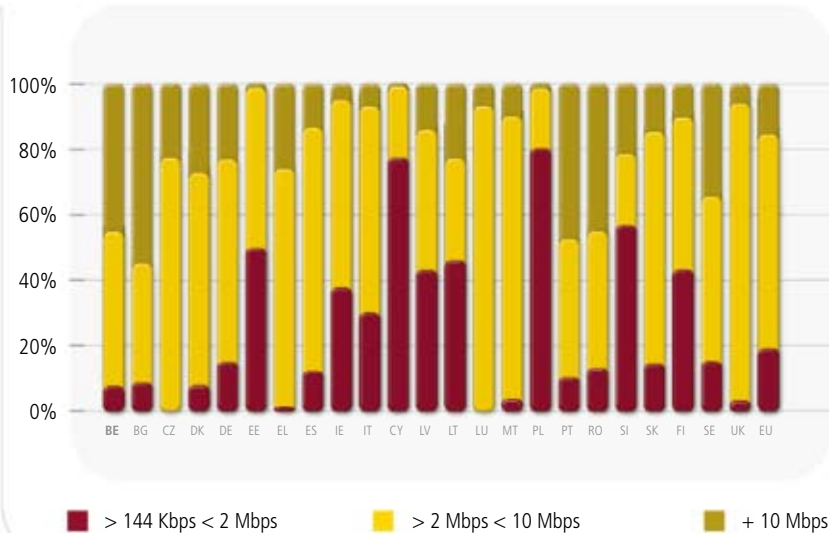
### Higher download speed

Telenet drove up download speed and available volumes in the course of the year, without raising prices. Customer needs are constantly measured in this area and the results are used as a reference when composing and tweaking products.

### Social tariff

In August Telenet voluntarily introduced social pricing for internet, after already having done the same for its TV and telephony services. With this measure Telenet wishes to introduce low-income families to broadband internet.

## → // Average download speed



Average download speed - European Commission

## High performance technology

The emergence of multimedia applications that require or stimulate the transmission of larger files creates increasing demand for higher performance technology among residential customers too. Telenet has identified this trend and in 2009 major efforts were invested in research and development to meet demand with this technology.

Two factors are responsible for improved turnover growth in this product line:

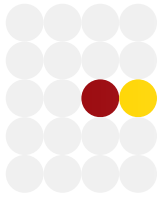
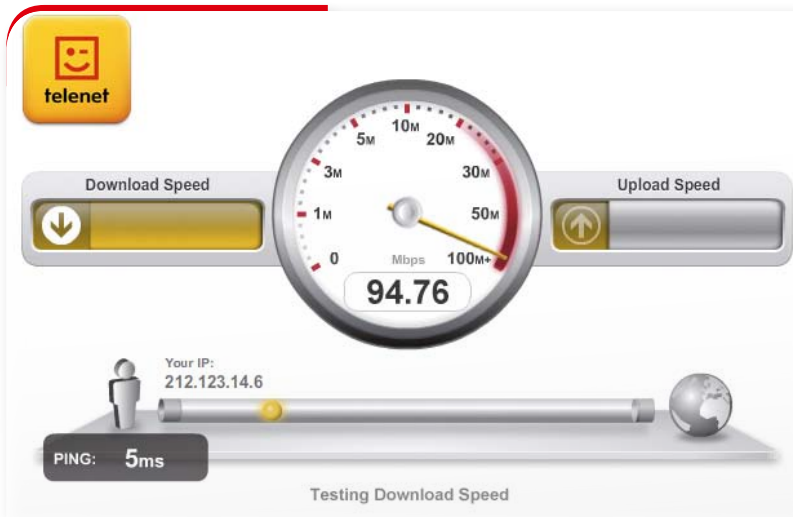
- Strong growth in subscribers to internet products
- Higher product uptake since the launch of extensive *Shakes+* bundles at the beginning of July 2009.

## Turnover over €400 million

Turnover from residential broadband internet rose by 7% in 2009 to €402.0 million, compared with €375.1 million in 2008. Turnover growth in residential broadband internet accelerated in the course of the year, from 6% in the first six months of 2009 to 8% in the second six months.

In the final quarter of the year under review Telenet generated turnover in residential broadband internet of €103.3 million, a rise of 8% compared with €95.5 million in the same period in 2008.





## // FiberNet

Telenet's great selling argument, its unequalled download speed, will continue to be a strategic axis in the further development of broadband internet in the future. At the beginning of 2010 Telenet launched next-generation internet, Telenet FiberNet. Due to the high quality of the cable network and deployment of state-of-the-art EuroDOCSIS 3.0 technology the download speed can be increased to 100 Mbps, four times the current limit, which extends Telenet's lead over competitors.

Telenet FiberNet has been available since February 2010 as part of the existing *Shakes + packages*. Volume limits will be driven up in the course of the year at no extra cost to subscribers.

## Prospects for 2010

### Sufficient growth potential

Although internet market penetration in Belgium of over 70% is already fairly high, there is still sufficient growth potential. Looking at other countries, penetration of at least 90% can be expected.

### Pack for starting surfers

Telenet has introduced a new BasicNet product at a lower price for people taking their first steps into the online world, as part of efforts to close the digital gap. BasicNet will be marketed in combination with a start2surf pack, which is one of the cheapest in Europe.

### Advanced applications for business

For corporate customers Telenet will enhance its coax offering with guaranteed bandwidths and higher upstream speeds. That will enable businesses to use advanced applications that demand high speeds on a cost-efficient medium with superior *service quality*, such as HD videoconferencing, high-quality VOIP and *cloud computing*.

### Mobile internet

Lastly, Telenet has great expectations for mobile internet. For specific information about the development of mobile telecommunication see *the potential of mobile* section elsewhere in this annual report.

Telenet expects to leverage its unique position as a provider of high-speed internet, the development of mobile internet and efforts to bring internet within the reach of less privileged target groups to capture further market share in the broadband internet segment going forward.

### Telenet New Media

Telenet Online Media leverages the power of Telenet in TV, broadband internet and mobile communication to develop innovative cross-platform applications that function as separate media brands. These applications form interactive points of contact for one-on-one relationships with media consumers. With this approach Telenet Media also generates marketing opportunities that ultimately make a significant contribution to the value of the group.

### Zita

The Telenet portal Zita was one of Belgium's most popular websites in 2009 again. Zita was given a makeover in 2009, with the publication of more articles of better quality and larger photos. Other content, such as video and popular games, was also expanded substantially. To improve personalization, users can now upload their own profile photo and choose from a much larger selection of widgets.

### Vandaag.be

This news site went online in 2009 in a partnership with Concentra. In fact, Vandaag.be is more than merely a news site; it is strongly integrated with Facebook (Facebook Connect) and focused on sharing news with friends. For Telenet Media Vandaag.be is a platform that enables experimentation with social media and the new forms of presenting news. There is already a free Vandaag.be iPhone app and other platforms will be served going forward.

### Telenet Foto

Telenet Foto, an online service launched in 2006, allows users to upload photos and share them with friends and family. In 2008 a version was launched for digital TV, a very popular service in which photo albums are viewable on TV. In 2009 the platform was placed on new virtual servers to guarantee high performance in coming years.



### TV.be

As the portal for TV viewers in Flanders, TV.be was given a new Telenet look and feel at the end of 2009. Telenet developed the new TV guide concept as early as 2008, linking TV programs to Web 2.0 and social networks. Site functionality was improved in the course of the year under review and stronger editorial content was added.



### GarageTV.be and Studio100tv.be

GarageTV.be, the user-created video site, made quite a splash in 2009, attracting more than 80,000 unique visitors per day in December. In June 2009 Telenet launched Studio100TV.be to support the eponymous TV channel. The site is entirely built on GarageTV.be technology, but hosts premium content in a higher resolution.





## 4.2 Telephony





Telenet has been a fixed telephony provider since the end of the Belgacom monopoly in 1998. Telenet has been able to attract an ever-increasing number of fixed telephony customers in recent years despite the shrinking popularity of fixed telephony in favor of mobile telephony. In this virtually saturated market the enlargement of the customer portfolio is mainly explained by the trend in which fixed telephony customers switch to Telenet from traditional competitors.

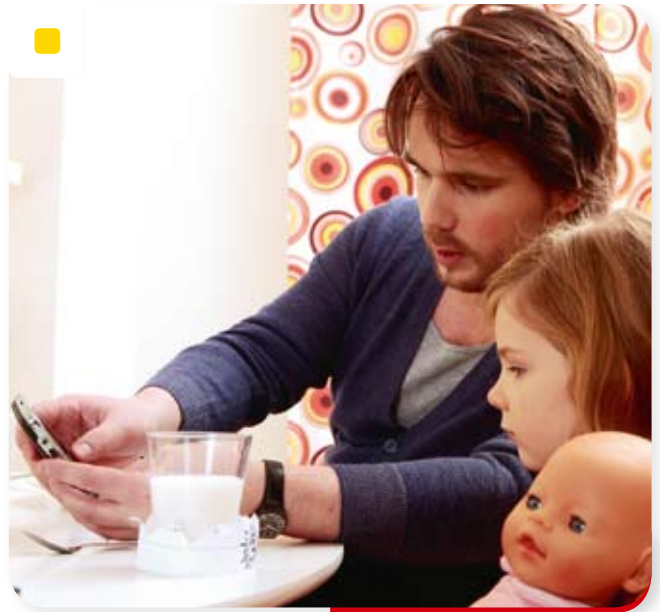
Telenet typically offers fixed telephony as part of its *Shakes+*.

There is a specific telephony offering for corporate customers comprising traditional solutions as well as options involving advanced IP telephony exchanges (such as SIP trunking via the fiber network).

## Developments in 2009

### Record growth new customers

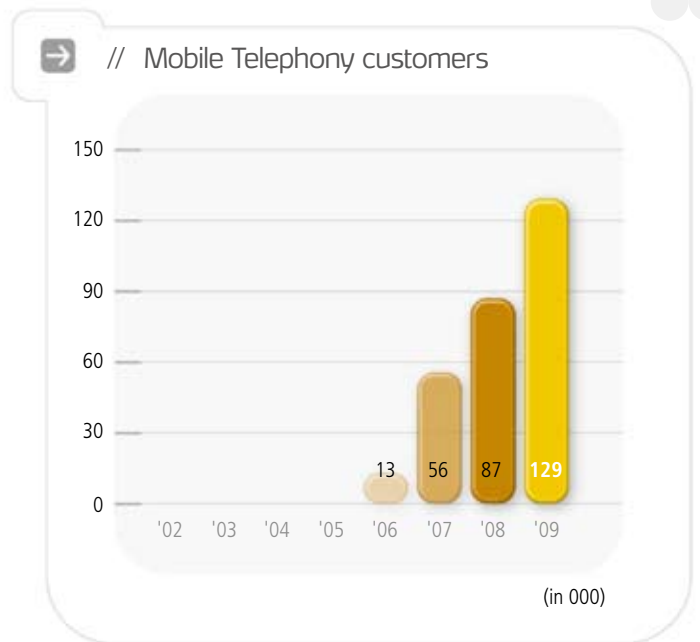
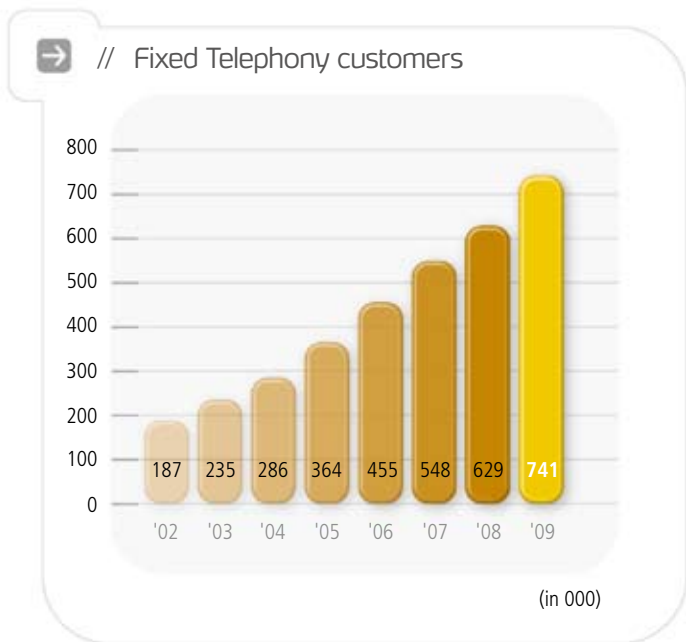
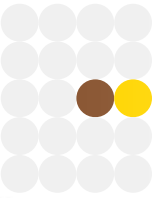
Although the number of fixed phone lines in Belgium remains stable, Telenet has managed to increase its customer base and improve its market share in this segment in recent years. In 2009 Telenet welcomed a net 112,000 new fixed telephony customers, 38% more than in 2008.



The fixed telephony subscriber base was 741,000 at the end of 2008, a rise of 18% compared with 2008. At the end of 2009 Telenet's market penetration in fixed telephony in Flanders was 26.5% (as a percentage of total connected households), compared with 22.7% at the end of 2008. The overall market share in Flanders rose from 35% to 41% in the course of 2009.

The success of fixed telephony is mainly driven by the attractiveness of the service bundles and builds on the launch at the end of 2008 of FreePhone Europe, a competitive tariff for domestic and international calls to fixed lines. This favorable development has been further boosted by the positive impact of the acquisition of Interkabel on the sale of *Shakes+*, bundling digital TV and telephony among other things. At the same time, fixed telephony continues to have a great social value among young families and seniors alike. The combination of all these factors means that fixed telephony continues to be important for many despite the popularity of mobile telephony.





### 48% more mobile customers compared to 2008

The acquisition of BelCompany in June 2009, in which Telenet took over BelCompany's Belgian shops and points of sale from Macintosh Retail Group NV, should be viewed in this context. The acquisition gave Telenet a direct entry point on the market of mobile telephony and associated products.

At the end of October 2009 Telenet launched its first mobile telephony marketing campaign, *Walk&Talk*, targeting existing customers. The refreshed mobile offering, combining an attractive two-year subscription tariff and a subsidized handset, produced the expected hike in the number of new subscribers. They will give Telenet a solid foundation for further progress in this business going forward.

All these factors helped Telenet welcome a net 24,000 new mobile customers in the final quarter of 2009, producing a total subscriber base of 129,000 active mobile customers. Importantly, the promising user trends of these new mobile customers point to a higher ARPU compared with the existing customers on the old tariff plan.

### Turnover

Turnover from residential telephony, which includes both fixed and mobile telephony, rose by 4% in 2009 to €224.3 million, compared with €214.9 million in 2008.

Turnover growth leapt from 3% in the first half to 6% in the second half of 2009. That acceleration is mainly explained by the following factors:

- The relentless net growth in the number of subscribers as a consequence of the interest in the multiple play bundles and fixed tariff plans
- The continued slowdown in the erosion of ARPU in fixed telephony
- The increased contribution of the mobile business

In 2009 the financial performance of the fixed telephony business was impacted by the mandatory implementation of the new regulatory framework, which reduced the termination tariffs for fixed line calls on the Telenet network. That framework, which inclines towards comparable interconnect costs with the reference tariff of the historic operator, was passed in 2007 and ended in 2009. As a consequence, the imposed termination tariff fell by 55% in 2009, compared with 2008, negatively impacting telephony income by approximately €8.8 million. Discounting the interconnect revenue, fixed telephony turnover grew by 10% in 2009.

## Prospects for 2010

Telenet expects to capture additional market share in both fixed and mobile telephony.

On the residential market the growth of fixed telephony will run parallel with the success of the *Shakes+*. Attractive tariff plans will support this approach. At the same time, Telenet will continue to be an attractive alternative for subscribers who wish to leave the traditional fixed telephony providers.

The combination of all these factors is expected to ensure that Telenet consolidates and strengthens its position in fixed telephony.

In terms of turnover, Telenet will no longer suffer from the regulatory impact of those lower termination tariffs.

Products that utilize the advantages of coax cables will be brought to market for corporate customers in 2010. The offering will certainly include the option of retaining existing telephone exchanges. On the other hand, there will also be opportunities for businesses that wish to deploy the latest IP phone solutions. Telenet will continue to work on attractive, competitive tariff plans for residential and corporate customers alike.

In mobile telephony growth is expected to keep pace with Telenet's intended technological advancements, but in disciplined and carefully considered steps. The extension of the partnership with Mobistar and development into a full MVNO (see *the potential of mobile* section, elsewhere in this annual report) in combination with the development of products and tariff plans tailored to the market will further boost market share in mobile telephony going forward.



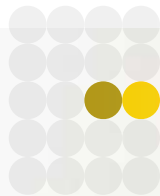
### // Full Service Mobile Network

At the beginning of 2009 the agreement with Mobistar was transformed into a full MVNO (Mobile Virtual Network Operator). Telenet will continue to utilize the Mobistar masts, but is no longer bound to the Mobistar product offering. As a result, Telenet will be able to introduce its own SIM cards, use its own switch and develop a specific mobile product offering. The conversion from light MVNO to full MVNO will be rolled out further in 2010.

The development of the technology platform for mobile services is well underway and Telenet is following this situation closely and shows a strong interest in Long Term Evolution (LTE), fourth generation mobile internet characterized by significant connection speed hikes.

In the longer term, platform convergence is being studied intensely. In practice, it would mean that users would be able to use all services regardless of medium or platform.





## 4.3 Television



Since the acquisition of the cable network of the mixed inter-municipal companies in 2002 Telenet operates various forms of TV distribution through its cable network. With the acquisition of Interkabel, since the end of 2008 Telenet reaches all of Flanders and part of Brussels through the traditional cable network. However, since 2005 Telenet has shown it leads the field in terms of technology in television distribution with the launch of interactive digital television. With iDTV TV viewers receive an even wider array of technical and content options over and above the basic offering.

A rental model for the hardware needed to watch digital broadcasts (Digiboxes and Digicorders) was introduced soon after launch, to make the switch to iDTV as easy as possible for consumers.

The rental formula was also integrated into the *Shakes+*, again to attract the largest number of customers. iDTV has clear added value for consumers, who gain access to a large number of TV channels in digital and even high definition picture quality, with the option of ordering additional programs on a pay-to-view basis through the remote. The technical possibilities of the Digicorder and such applications as Video-on-Demand and a PRIME subscription are tailored to contemporary lifestyles, providing the flexibility TV viewers expect.

Since the launch of iDTV Telenet has worked closely with local broadcasters and media production companies to stimulate the production of iDTV applications, enriching the offering and laying the foundations for the further expansion of this business.

This has helped to drive iDTV penetration up to 40,05% on the Telenet network within around four years.



## Developments in 2009

### Subscriber base

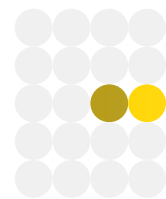
#### Analog television

The total number of subscribers to analog and digital TV was 2,342,000 at the end of 2009, compared with 2,402,000 at the end of 2008. That is a net loss of 60,000 TV subscribers in Flanders. That net loss does not include switches to the digital TV platform, it only represents customers who cancelled their subscription or relocated outside the area served by Telenet.

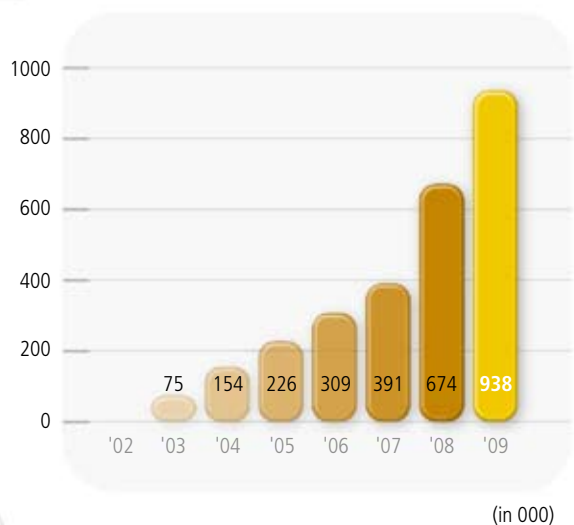
As expected, organic subscriber turnover rose in the final quarter of 2009 after a moderate trend in the first nine months of the year. Organic net loss in the final quarter was 21,000 TV subscribers, compared with an average loss of 13,000 in the first nine months of the year.

The higher subscriber turnover is partly due to a typical seasonal effect, but also to the larger market after the acquisition of Interkabel in October 2008 and the increasing competition. The loss of these TV subscribers was more than compensated by increasing migration of existing analog TV subscribers to multiple play and to digital TV.





### → // iDTV customers



#### Digital television

At the end of December 2009 Telenet had 1,001,000 digital TV customers, a 49% rise compared with 2008. The overwhelming majority of digital TV subscribers choose the Telenet Digital TV interactive platform (938,000 subscribers at the end of the year, a rise of 54%). The other 63,000 subscribers watch digital TV through an INDI set-top box.

In the year under review Telenet attracted a net total of 329,000 new Telenet Digital TV customers, compared with 218,000 in 2008 (+51% year on year). In the final quarter alone Telenet welcomed a net 81,000 new subscribers to the Telenet Digital TV platform, which is largely attributable to the greatly increased demand for interactive digital TV services in the acquired Interkabel region. Telenet accordingly performed strongly in this business, especially considering the strong competition on the residential market.

The digitization ratio, which shows the relation between the total number of digital TV customers (Telenet Digital TV and INDI combined) and the total number of cable TV subscribers, increased to 43% by the end of December 2009, compared with 28% at the end of 2008. The digitization ratio within the complete footprint was diluted at the end of 2008 due to the integration of acquired Interkabel TV subscribers, the majority of whom were analog subscribers. In the final quarter of 2009 analog PayTV services were discontinued and most of the remaining 6,000 analog premium PayTV subscribers on the Telenet Partner network switched to the interactive digital platform.



The general TV market is highly competitive, but this did not prevent Telenet from performing very well in 2009. Telenet's strong position is not only driven by the technology or the *Shakes+*; the offering, which was enlarged again in 2009, also has an important impact. In-depth analyses of the existing offering and viewing behavior were used to make optimal choices with respect to the available platforms. A number of channels, including less popular foreign ones, was integrated into the digital offering, which demands less bandwidth. The freed-up capacity was devoted to additional digital channels.

#### Turnover

##### Basic offering

Turnover in cable TV comprises the basic subscription fee for analog and digital customers (Telenet Digital TV and INDI combined). In 2009 Telenet generated €322.3 million turnover in cable TV, a rise of 32% compared with 2008 (€244.3 million). That substantial rise is chiefly due to the acquisition of Interkabel and to a lesser degree to the increase in the basic TV subscription fee by approximately 6% in February 2009. Whereas digital cable TV customers receive a monthly bill, which means that they have already noticed the price rise, the higher subscription fee will only be applied to analog cable TV customers at the time of their annual bill. Telenet therefore expects the price rise to continue to contribute to an increased ARPU for basic cable TV until February 2010.

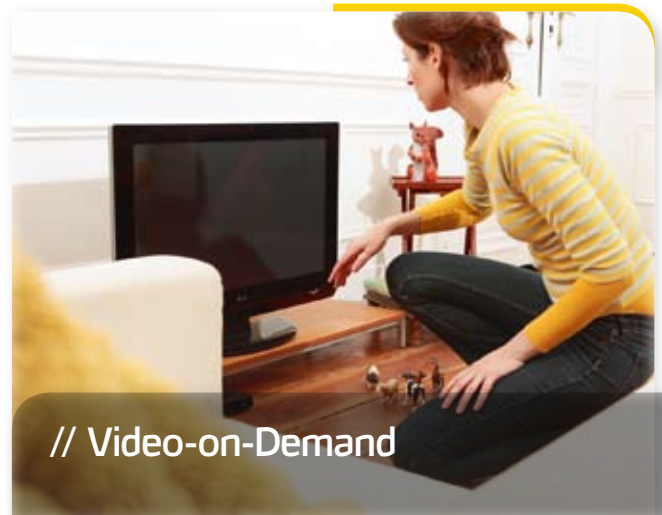
#### Additional services on digital TV

Besides the revenues from Video-on-Demand, turnover in premium cable TV is stimulated by the strong growth in the rental of set-top boxes with HD and PVR options, which increase the recurring monthly rental income from set-top boxes. The other contributions to turnover in digital TV are subscription fees for theme and premium channel packages (PRIME) and interactive services.

Revenues from premium cable TV reflect the robust growth of the digital TV customer base. ARPU (Average Revenue per User) among digital TV customers is around twice the ARPU in basic cable TV. Drivers are:

- Use of Video-on-Demand
- Growth of themed and premium channel packages
- Recurring rental income

Total revenue from premium cable TV (Telenet Digital TV, INDI and PayTV customers) was €115.4 million in 2009. In the same period of 2008 that figure was €78.0 million, which represents a rise of 48%. That turnover is in addition to turnover from basic TV subscriptions.



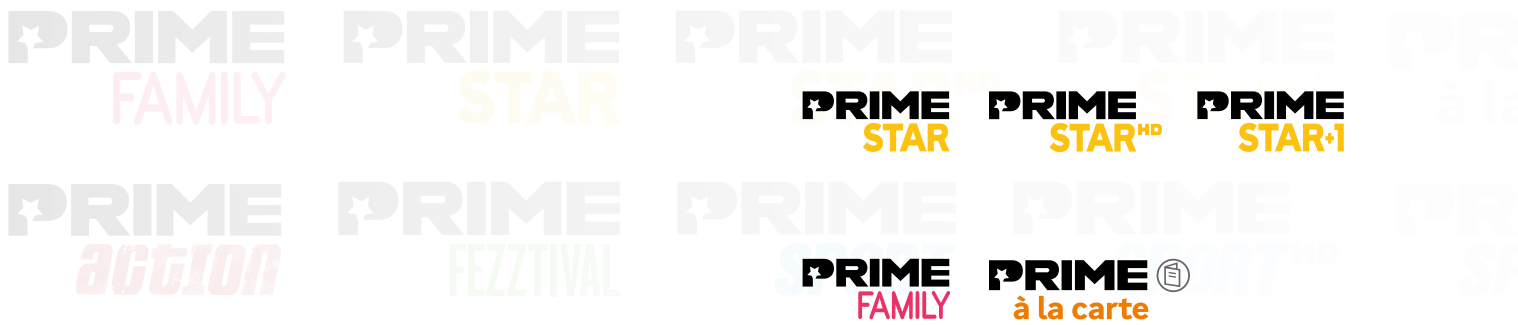
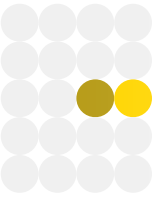
Video-on-Demand (VoD) is Telenet's response to changing lifestyles, which have led to fewer and fewer people watching TV programs when they are aired.

With VoD, which has been available to Telenet subscribers through their remote since the launch of iDTV, it is easy to retrieve and watch selected programs. The library contains both free programs, such as news broadcasts, and pay-to-view content, including movies and the most popular programs aired by local channels. Telenet works closely with partners in the production industry to secure this content. Users pay through the monthly bill.

VoD was a great success in 2009. In total, more than 32 million programs were ordered. The rise is attributable to the growth in the customer base and the success of iDTV, as well as the balanced content mix.

In 2010 Telenet expects VoD to develop further, in line with the growth in the number of iDTV customers.





Telenet customers who opt to broaden their TV subscription to include PRIME gain paid-for access to additional channels, including six movie channels and two sports channels that are chiefly devoted to foreign football leagues. PRIME experienced striking growth in 2009, breaking through the 200,000-subscriber barrier.

Flemish productions are given a prominent place in the PRIME movie offering. The PRIME Star Award, awarded to the best Flemish movie ever went to *Loft*, based on the votes of a jury of experts and the general public. PRIME content was also made available via Video-on-Demand after airing, a popular service that is free to PRIME subscribers.

In 2010 Telenet plans the further enrichment of the offering. PRIME customers will also enjoy technological innovations. The full content of PRIME will be made available online. In doing so, Telenet will take another step forward in multimedia content, blurring the distinctions between the various platforms.

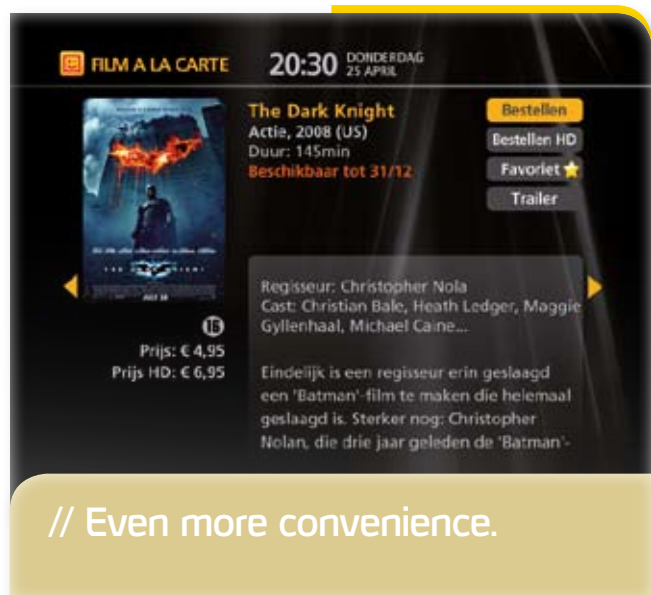


## Prospects for 2010

*Telenet follows the customer, not the cable.* That will become clear in 2010 with the preparation for the launch of digital terrestrial TV (DTT) via the antenna. This technology will enable Telenet to offer customers a digital TV service in locations that are currently difficult to reach with a cable, such as second homes, caravans, rooms out of the reach of cable and so on. This will also make new applications possible, such as TV in cars and on boats.

Telenet also expects iDTV to grow further. Besides existing customers switching from analog TV, growth will be driven by technological possibilities and the diverse and extensive content. New HD channels are scheduled for introduction in 2010. The majority of customers already have the HD box needed to receive the very best HD quality. 3D broadcasts are also being tested at the moment and they will definitely be part of Telenet's future offering. Recent tests have shown that the current HD Digiboxes and Digicorders are ready for this next step in picture quality. It is simply a matter of waiting for a structural program and channel offering accessible to consumers.

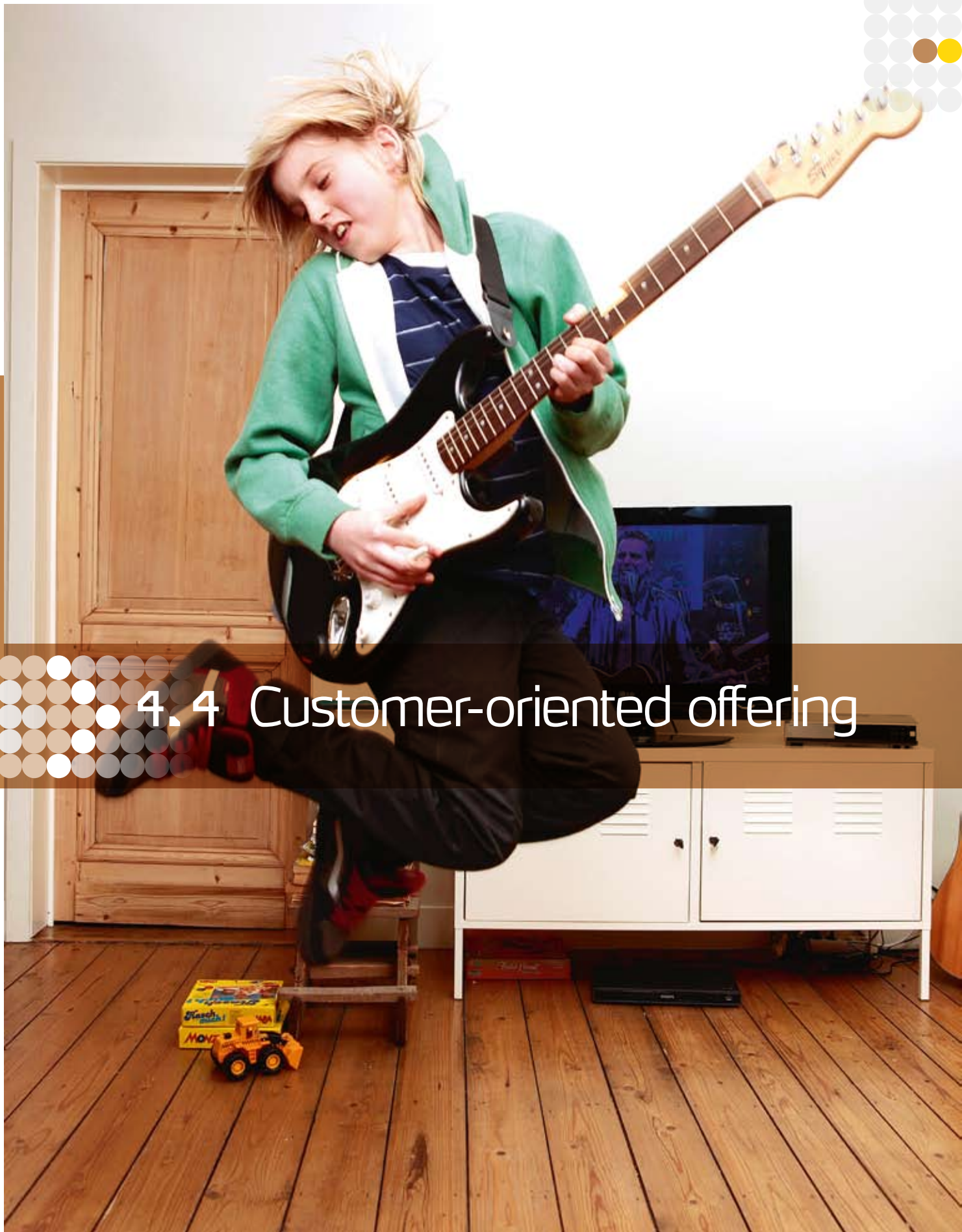
Municipal TV is expected to make a major contribution in terms of content in 2010. Some municipalities already offer specific services and information through digital TV. This number will increase by dozens in 2010. That confirms once again the social relevance of TV as a medium and clearly shows that in terms of innovations in technology and content, it is far from obsolete.



TV will constantly evolve. In the first half of 2010 the Digimenu will be refreshed on all Digiboxes. The Digibox applications, such as TV schedules and the VoD library, will be made more attractive, more appealing and especially more convenient for customers. They will find it easier to retrieve and enjoy their favorite digital TV program or application. From April customers will be able to program their Digicorder remotely online or through their mobile phone, which means that no one has to miss their favorite program again.

We also have something new in store for corporate customers: the multi-TV iDTV service. Some sectors have shown an interest in being able to offer specific target groups (such as education) personalized content through the VoD platform. This solution is expected to enable businesses to distribute information in a more efficient and ecologically responsible way.





## 4.4 Customer-oriented offering





## Shakes+ for residential customers

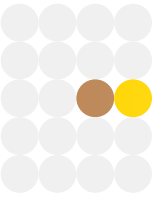
The package of services has systematically grown since Telenet's formation in 1996. Customers who initially only took out an internet subscription can now choose from a much wider range of telecommunications services and associated products.

Due to the enlargement of the product portfolio, as early as 2008 Telenet took the decision to focus less on individual services and more on multi-service packages, in which customers subscribe to several services at the same time. A multi-service package saves customers money and enables Telenet to gain a firm foothold on the market. In the best-case scenario customers subscribe to each of the three basic services, triple play in the parlance.

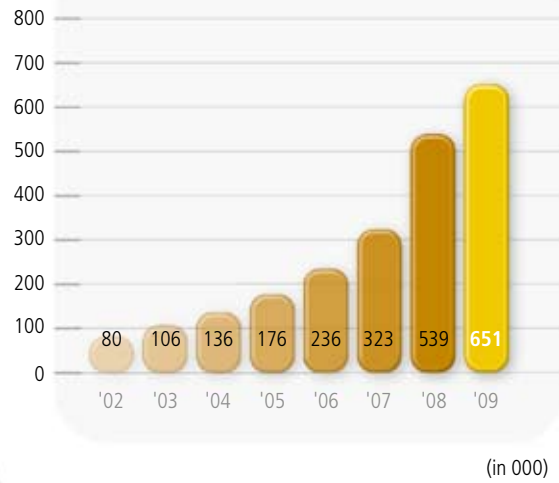
The end of 2008 saw the introduction on the residential market of the *Shakes+* concept, a package of services offered in various modules, based on the needs of the customer. The *Shakes+* drove up growth in the number of triple play customers at Telenet by the end of 2008 to approximately 539,000 subscribers, 24% of the customer base. Almost 50% of all Telenet customers subscribed to at least two basic services.

After the acquisition of Interkabel in October 2008, Telenet's market grew to comprise the whole of Flanders. As a result, *Shakes+* are now available in regions where Telenet used to market only broadband internet and fixed telephony.

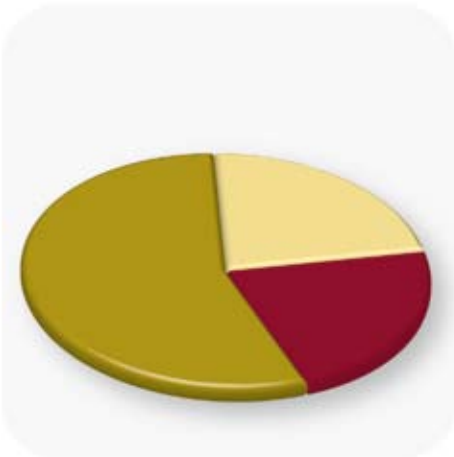




→ // Triple Play customers

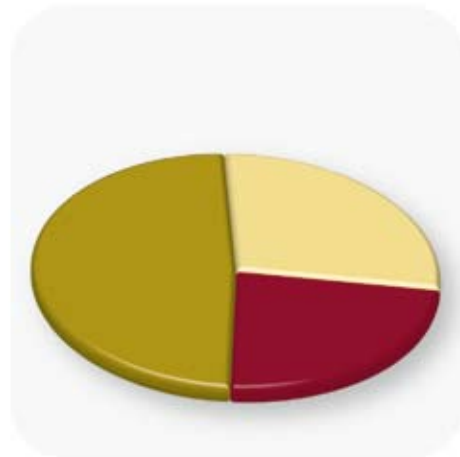


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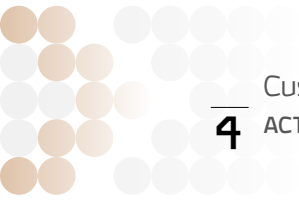


- Single Play 55%
- Dual Play 22%
- Triple Play 22%

→ // 2009



- Single Play 49%
- Dual Play 24%
- Triple Play 28%



## 2009

The striking success of the *Shakes+*, which was noticeable immediately after the launch in 2008, was confirmed in 2009. The *Shakes+* drove the rise in the number of multiple play products, which in turn contributes ARPU and the number of revenue-generated units (RGU) per customer.

- At the end of 2009 51.5% of the total customer base subscribed to at least one of Telenet's digital products, compared with 44.7% in 2008.
- The rising number of triple play customers is largely attributable to the success of the *Shakes+*. At the end of 2009 Telenet had 651,000 triple play customers, 21% more than in 2008. As a consequence, the proportion of triple play customers in the entire customer base increased again from 22% at the end of 2008 to almost 28% at the end of the year under review.
- The total number of services per customer rose by 7%, from 1.67 services at the end of 2008 to 1.79 services at the end of 2009.

The formula was tweaked slightly in July 2009. The new *Shakes+* offers subscribers extra content on top of the existing service package, via five additional digital channels.

The *Shakes+* are perfectly aligned to the brand positioning targeted by Telenet. As a telecommunications company Telenet wishes to make life less complicated for customers, so they can simply enjoy the technological superiority and versatility of the offering. That is Telenet's strategy for ultimately getting closer to customers.

## Prospects for 2010

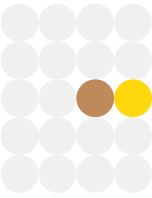
Telenet is counting on technological innovation – for instance the introduction of FiberNet – and broader content to secure further growth in 2010. The needs and expectations of customers are always given due consideration in both areas.

A large part of the growth on the residential market is not achieved by geographic expansion or enlargement of the customer base, but by offering additional services to existing subscribers. The service packages and the switch to multiple play through the *Shakes+* are crucial to this growth. At the end of December 2009 a little under half of all Telenet customers was still subscribed to just one product.

At the same time, customer satisfaction has been clearly identified as a factor that demands constant attention. The increasing market penetration obviously drives growth in the customer base, bringing the importance of customer loyalty to the fore more and more. Telenet can only build a springboard for future development and growth on strong foundations of loyal customers.

From 2010 Telenet will employ the *Loyalty Index* to measure customer satisfaction and loyalty. In doing so, Telenet is raising the bar by not only measuring current satisfaction but also proactively placing it in a future perspective.



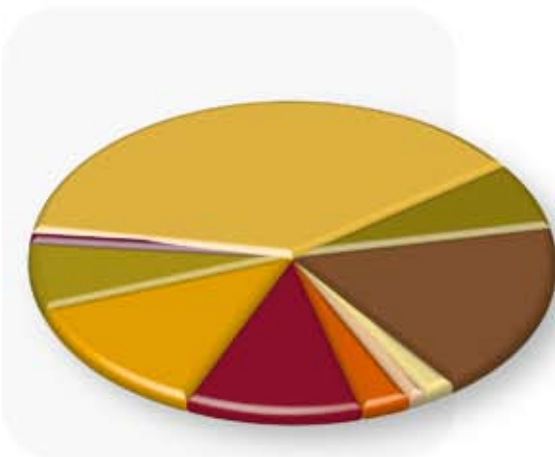


→ // Product groups



- Capacity - line rental 31%
- Connectivity between company sites 27%
- Other 4%
- Internet 14%
- Telephony 24%

→ // Customer groups



- IT 38%
- Finance 7%
- Service 18%
- Public 2%
- School 1%
- Health & Social 3%
- Unallocated 11%
- Manufacturing & Building 13%
- Wholesale & Retail 7%
- Transport 1%

## Telenet Solutions for business

Telenet Solutions is the Telenet division that markets professional telecom services to corporate customers in Belgium and Luxembourg. To do so, it makes optimal use of existing Telenet network and services. If need be, assistance is provided by partners with which strict quality guarantees have been agreed.

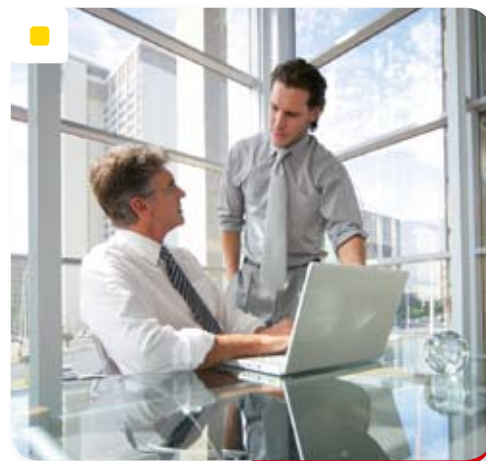
The basic services comprise internet, data, telephony and TV solutions. IT solutions, such as web hosting, are also offered through Hostbasket. The offering is continually optimized, based on evolving customer needs. Added value services will become increasingly important in the future.

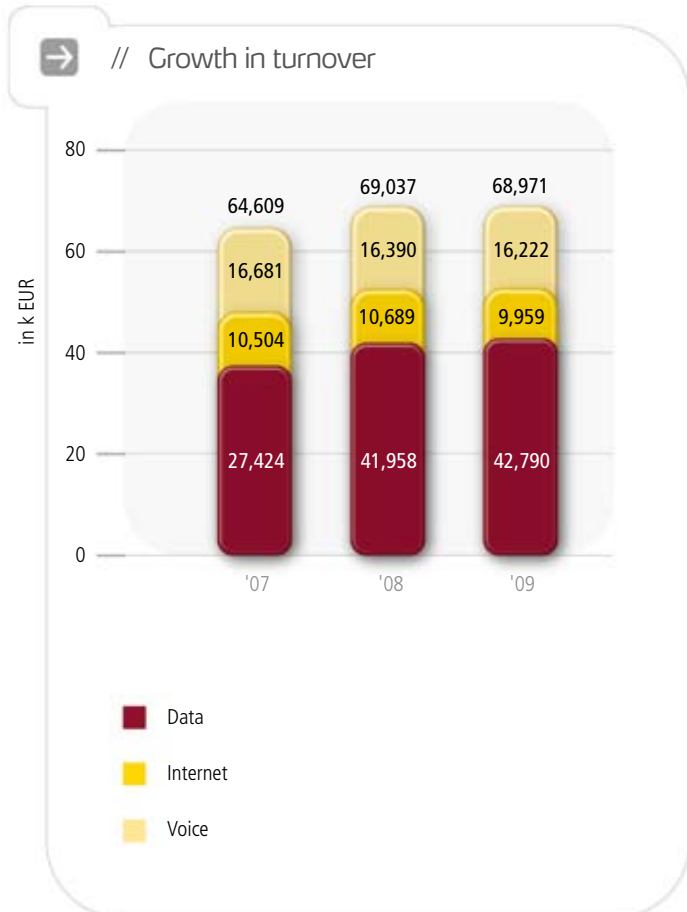
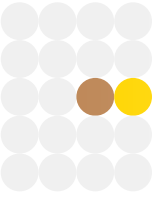
In terms of connectivity, Telenet Solutions always offers its various services on the most appropriate technical communications medium. That may be coax cable, DSL or fiber network.

## Personalized approach

The approach to the business segment differs from the one used for the residential market. Whereas residential customers are mainly approached through targeted marketing campaigns, supported by service packages and promotions, the business market demands a more personalized approach. A professional team of account managers assesses the needs of individual companies and proposes bespoke service offerings. Service managers and project managers maintain personal contacts with businesses, identifying opportunities for further improvements. The high service levels Telenet Solutions imposes on itself are key to its success as a challenger on a market that continues to be dominated by the historic operator.

Customer surveys show that Telenet Solutions distinguishes itself on the market with a highly customer-oriented approach, combined with the high-tech quality of its solutions.





## 2009

Telenet Solutions faced a number of specific challenges in the year under review. The cautious growth expected at the beginning of the financial year initially appeared to be under pressure due to the unfavorable economic situation, which resulted in various companies delaying scheduled investments. As a consequence, a number of contracts expired, although this was compensated by new projects, including major agreements with ZNA and KBC.

2009 turnover was €76.9 million, around the same level as 2008 turnover, a solid performance given the negative impacts of the factors mentioned above. The loss of one important wholesale contract for fiber access in the south of Belgium and the conscious ending of a number of selective wholesale telephone and video activities that generated tight margins, accounted for €3.3 million of this. Disregarding these two aspects, Telenet Solutions generated an underlying rise in turnover of 5%.

The readjustments will enable improved profitability for the business division going forward. Telenet Solutions will also be able to concentrate more on its core products data and internet, as well as its unique service position on this market.



## Prospects for 2010

Telenet Solutions expects to post turnover growth in 2010, regardless of the unfavorable economic circumstances and the price erosion ensuing from fierce competition.

Telenet is counting on technological innovation – for instance the introduction of EuroDOCSIS 3.0 (FiberNet) – and broader content to secure further growth in 2010. The needs and expectations of customers are always given due consideration in both areas. The implementation of the overlay CMTS network is key to that, among other things because it enables the offering of specific services and service levels for corporate customers on the existing coax infrastructure.

Targeted growth is expected to come from further differentiation with regard to service. Telenet Solutions is convinced that its personalized, customer-oriented approach can make the difference. Importantly, the target group is not restricted to *high end* companies; Telenet Solutions will continue to target small and mid-sized businesses too. A service package will be marketed that is tailored to the needs of micro businesses and the self-employed.

Telenet Solutions will continue to focus on its current star products. Internet and data are central in that approach, together with a defensive strategy in telephony.



### // Customer satisfaction

Customer satisfaction is a critical measurement in a business where Telenet differentiates itself from competitors with a personalized approach and high service levels. In the course of 2009 the customer satisfaction index never fell below 91%. The annual survey of the 50 biggest customers showed that this target group too has great confidence in Telenet Solutions and that progress has been made in this area in 2009 in spite of already high customer satisfaction.



05



→ Telecommunication  
of the future



— 5.1 Driving the future



— 5.2 The potential of mobile



— 5.3 Digital Wave 2015





## 5.1 Driving the future





## 5 TELECOMMUNICATION OF THE FUTURE

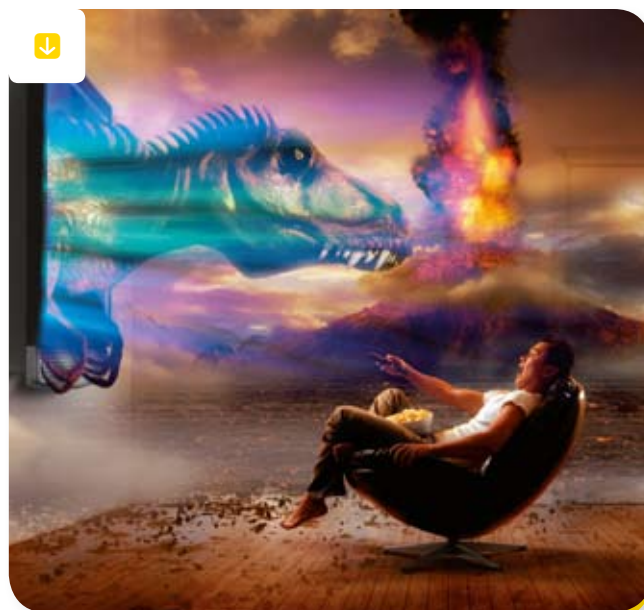
Telenet can count not only on broader content to drive future growth, but also technological superiority in the different business segments, which leads to constant growth in the various product lines: fixed and mobile telephony, broadband internet, TV services and solutions for the corporate market. Tomorrow's technology is already making itself felt in various areas today.

### FiberNet

The arrival of FiberNet, which was announced at the beginning of 2010, responds to the rising demand for larger traffic volumes and speeds in connection with online services, stimulated by the development of EuroDOCSIS 3.0. Telenet's hybrid fiber coax (HFC) network is already ready for speeds of up to 100 mbps, without the need for the fiber cable to be extended into subscriber homes. It is expected that customers will be able to enjoy the much-improved possibilities in the near future and that they will be prepared to pay a higher price for them.

### iDTV

iDTV will be given a full makeover at the beginning of 2010, including a new graphical user interface to improve ease of use. TV viewers will be able to operate their Digibox more efficiently. It will also be possible to program Digicorders online or by mobile phone, giving users even greater flexibility.



### 3D

The development of 3D TV will be driven by two factors. The first is penetration of the demanded technology, which means the purchase of a 3D-ready TV. The expected fall in the price of this type of equipment is sure to encourage sales and improve penetration. The second is content, as provided by program makers, which has to drive subscriber demand for this technology. 3D is starting to gain a foothold in cinemas and will also enter living rooms in the near future. The football World Cup in the summer of 2010 will be the first global event available in 3D in living rooms.



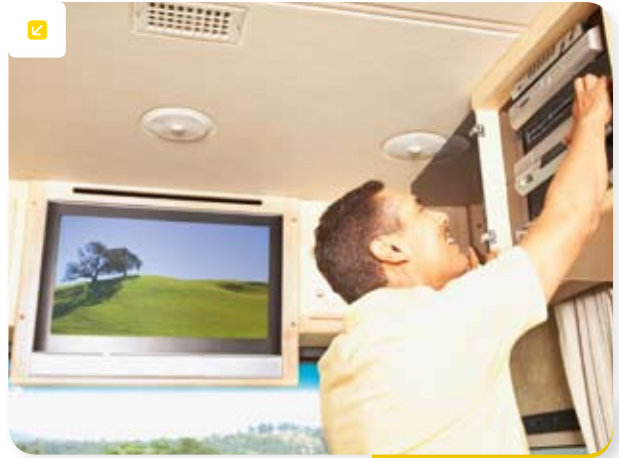


## DTT

Digital terrestrial TV is an additional platform through which Telenet will be able to serve TV viewers that do not have access to traditional cable. A small antenna is all those viewers need to access exactly the same content as cable subscribers. The breakthrough of DTT brings a number of customers not yet served by the network within Telenet's reach. This unique technology also encourages nomadic use of TV, because it can be used by people who want to watch TV from remote locations where cable cannot go, such as caravans, boats, second homes and so on.

## Telenet Solutions

The Telenet Solutions offering also benefits from state-of-the-art advancements. For businesses and other professional customers the stress is on the use of the coax network, which is a robust, reliable solution for this type of application. Telenet also wishes to place increasing focus on added value services for corporate customers, from call answering and professional hosting all the way up to outsourcing of the complete technical architecture, including mail and data servers, the next step towards *cloud computing*.

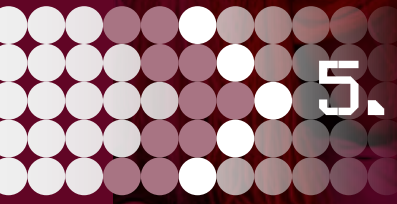


## The network

Technological advancements will accelerate demand for greater capacity and speed. However, the network also needs to handle these greater technological demands among an increasingly large target group. Both fiber network penetration and the capacities of the cable modem termination system (CMTS) are given constant attention. Telenet also intends to split the nodes, each of which currently provides a broadband connection to internet for some 1,400 households, in smaller clusters of maximum 500 houses to respond to the demand for higher capacity among individual users. Better technical possibilities also provide more opportunities to third parties to utilize these resources in an innovative way. Telenet targets partnerships with third parties through the FLIP program with the ultimate aim of actively encouraging innovation in Flanders.

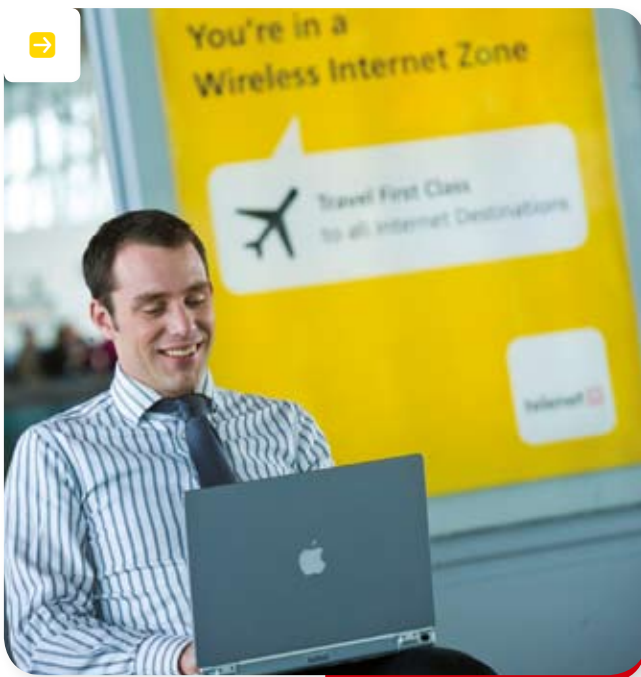
## Mobile

The move to full MVNO status will give Telenet specific possibilities to develop and market its own products. The mobile segment certainly has great potential for both voice and data traffic. The development of mobile services makes it possible to maximize ARPU, while the switch to quadruple play will bring improved customer loyalty and profitability within reach. Telenet is looking forward to the auction of the fourth mobile operating license in the summer of 2010.



## 5.2 The potential of mobile





## From public hotspots to Full MVNO

The offering of mobile telecommunications products and services is a major growth driver for Telenet. The formation of an independent *Mobile* division within the existing organization clearly demonstrates that Telenet is serious about expanding its mobile service package and the required technological infrastructure.

The possibilities of mobile telecommunications are not only linked to traditional mobile telephony. In mid-2009 Telenet took the plunge in mobile internet.

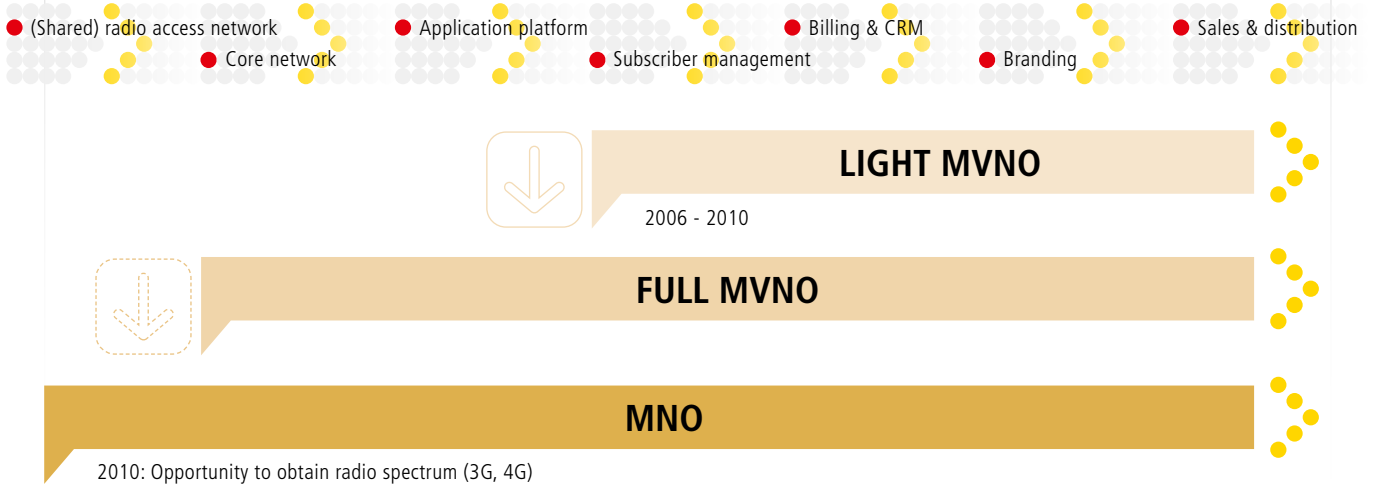
The first step in bringing mobile internet to market was taken with the acquisition of Flemish provider Sinfilo in 2003. That facilitated Telenet to create a wireless connection on the geographic network of public hotspots using its own technology. The Wi-Fi network currently consists of 1,200 hotspots across Flanders, with new hotspots being introduced all the time. The average number of monthly users continues to rise by about 10% annually. The new product *TelenetConnect* gives Telenet's customers the opportunity to connect to hotspots in 140,000 locations worldwide at a fixed cost, without volume restriction.

In 2006 Telenet signed a light MVNO agreement with Mobistar, giving Telenet access to that firm's infrastructure and the right to sell Mobistar products under the Telenet brand. The agreement has generated 100,000 active SIM cards for Telenet in the past three years, which are used for mobile telephony and mobile internet.





→ // Telenet MVNO evolution



2009

The Mobistar partnership evolved into a Full MVNO at the beginning of 2009. Telenet continues to use the Mobistar masts, but is no longer bound to Mobistar's products. As a consequence, Telenet is able to introduce its own SIM cards, use its own switch (mobile switching center) and develop a specific mobile product range, either linked to fixed products or not. The conversion from light to full MVNO will be rolled out further in 2010.

Mobile internet connections are currently achieved by means of a *dongle*, a USB device that connects with internet wirelessly or through a smartphone. The current possibilities cover the existing basic needs of customers, but are just an intermediary step in the advancement toward a powerful new wireless platform.

Telenet played an active role on the mobile telephony market in 2009. The acquisition of BelCompany, the launch of subsidized handsets (the first such launch in Belgium) and the successful Walk&Talk marketing campaign (see the *telephony* section) has earned Telenet a strong foothold on the mobile telephony market, which, together with the improved brand awareness, can function as a springboard for the further development of other mobile services and products.

At the end of 2009 the Mobile Division had 129,000 customers, a rise of 48% compared with 2008.





## // LTE (Long Term Evolution)

In the second quarter of 2010 Telenet will start an LTE test in Mechelen. Using three masts equipped with this state-of-the-mobile technology, during the test period Telenet will be able to offer mobile broadband services at a speed ten times faster and a response time three times faster than existing mobile internet services. This will enable Telenet to test a host of applications, such as online gaming, visual networking, real-time TV and so on.



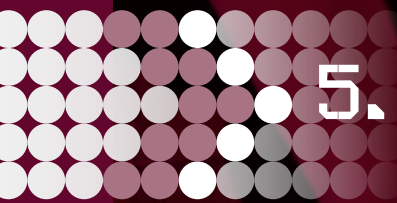
## 2010 and beyond

The development of the technology platform for mobile services is well underway and Telenet is following this situation closely. Telenet is also showing a strong interest in Long Term Evolution (LTE), fourth generation mobile internet characterized by significant connection speed hikes.

At 5%, mobile broadband penetration in Belgium is well below the European average of 18%. Given that Telenet can boast a very high market share in fixed broadband connections, the potential for the mobile equivalent would appear to be very attractive. Market research shows that consumers expect Telenet to energetically present itself as a forward-thinking, innovative telecom company on the mobile broadband internet market.

In the longer term, platform convergence is being studied intensely. In practice, it would mean that users would be able to use all services regardless of medium or platform.





## 5.3 Digital Wave 2015





## Shifting up a digital gear

At the beginning of March 2010 Telenet launched its prestigious Digital Wave 2015 program. The main points of Digital Wave 2015 were presented at the European Cable Conference in Brussels. For Telenet the future is all about network capacity, mobility and convergence of fixed and mobile telecommunications.

Telenet will accelerate investments and complete scheduled network improvements over a five-year period rather than ten years as previously stated:

- The fiber network expansion will be accelerated
- The number of nodes will be increased, so that just 500 households are connected to each node rather than the current 1400
- The number of routers will be increased and some will be replaced
- There will be selective investment in Fiber To The Home, for new-build, for instance

These investments will significantly improve and enhance the experience and possibilities of our customers, chiefly with the following objectives: speedy, generally accessible internet, closing the digital gap and facilitating business and investments in new applications:

- The arrival of cloud computing means that customers can benefit from remote applications, including the possibility of moving their storage from their own computer to the cloud

- Our customers will be able to benefit from videoconferencing:
  - Schools will be able to encourage *distance learning*
  - Businesses like banks will be able to improve their service while cutting costs
  - Hospitals will be able to operate more efficiently
  - New applications such as the Telesenior project in Kortrijk will contribute to the battle against social isolation.

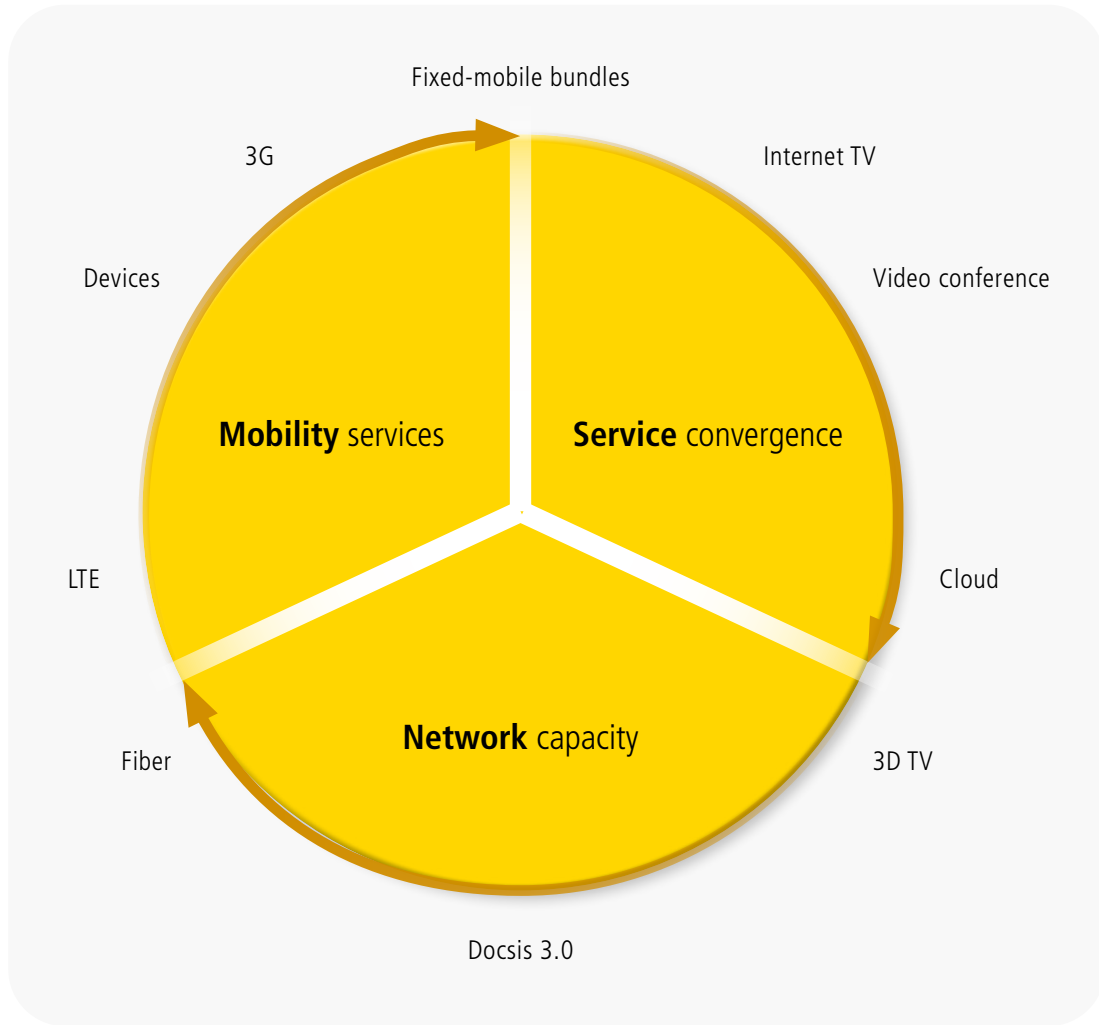
To stimulate the digitization of Flanders with this *Digital Wave 2015* Telenet is counting on a constructive partnership with a host of third parties, including academia, TV broadcasters, other media companies, tech firms, customers and government.

To put Digital Wave 2015 into practice, the Telenet Board of Directors has approved an investment program providing for €30 million of additional annual investment in the broadband network in coming years.



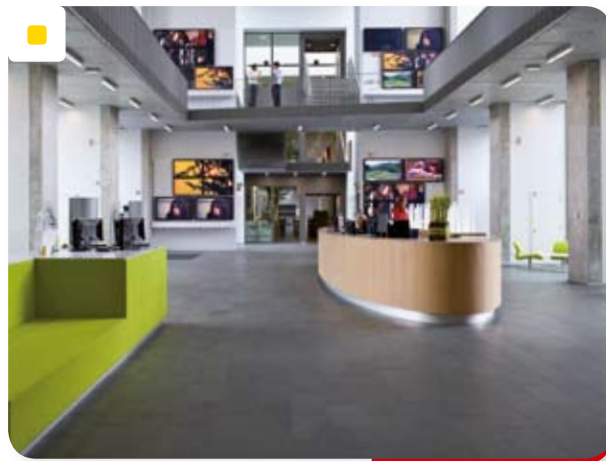


➔ // Building blocks for the digital future



# 6

→ The Telenet share





## ID of the Telenet share

Market	Euronext Brussel
Ticker	TNET
ISIN code	BE0003826436
Bloomberg code	TNET BB
Thomson code	TNET-BT

## Investor Relations

At Telenet, we remain committed to high-quality and transparent financial reporting, which are prepared in accordance with International Financial Reporting Standards as adopted by the EU (*IFRSs as adopted by the EU*), while also complying with requirements of the US Sarbanes-Oxley Act. We report a detailed set of financial results on a quarterly, semi-annual and annual basis.

We ensure a regular, open and intensive dialog with our shareholders and investors (both institutional and retail), other capital providers and their intermediaries and financial analysts. At the end of December 2009, our company was actively covered by 17 sell-side analysts throughout Europe, spread between the United Kingdom (59%) and the Benelux region (41%). Following the release of our financial results, we host a presentation for investors and analysts, during which senior management addresses their main questions and issues. This presentation is broadcast real-time through our investor relations website in order to ensure transparency and simultaneous accessibility of information for all investor groups concerned.

Alongside the quarterly, semi-annual and annual financial presentations, we fulfill investors' demand for senior management access through regular roadshows and major investor conferences within our sector. The roadshows we organize and the conferences we attend seek to cover the most important financial centers in both Europe and the United States and consist of both individual meeting and smaller group meetings. On an annual basis, we organize about 15 to 20 roadshows. We basically distinguish three investor circles, depending on the penetration of share ownership and the overall size of the investment community. The first circle includes financial centers such as New York, London and Paris, which are visited multiple times throughout the year. The second circle consists of the Netherlands, Germany, Switzerland, Ireland and the United States excluding New York, which are targeted at least once a year. The third circle encompasses markets where we further aim to expand the penetration of share ownership, including Spain, Italy and Scandinavia.



## Shareholder structure

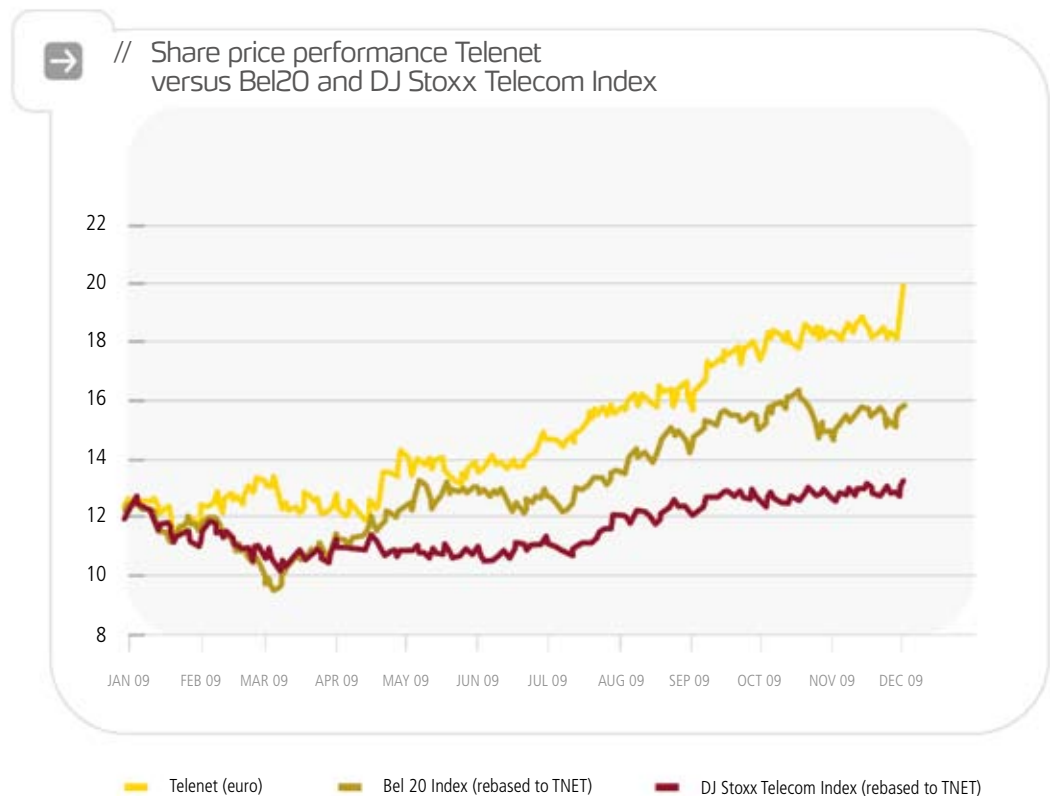
The shareholder structure of the Company per December 31, 2009 was as follows:

SHAREHOLDERS	OUTSTANDING SHARES	PERCENTAGE	(OPTIONS ON) PCS	WARRANTS	TOTAL (FULLY DILUTED)	PERCENTAGE (FULLY DILUTED)
Liberty Global Consortium	56,405,400	50.47%			56,405,400	48.83%
Fortis Investment Management NV	6,315,291	5.65%			6,315,291	5.47%
Employees	754,690	0.68%	469,156	3,281,358	4,505,204	3.90%
Public	48,286,285	43.20%			48,286,285	41.80%
<b>Total</b>	<b>111,761,666</b>	<b>100.00%</b>	<b>469,156</b>	<b>3,281,358</b>	<b>115,512,180</b>	<b>100.00%</b>

## Shareholder disbursement

Our primary objective is to maintain sufficient resources and flexibility to meet our financial and operational requirements and at the same time, we will continuously seek ways to create shareholder value through solid growth in our business operations, accretive M&A and levered equity returns. The Board of Directors of Telenet will propose an extraordinary shareholder disbursement of €2.23 per share, corresponding to a total distributable amount of approximately €250.0 million. This distribution has been based on our Free Cash Flow expectations and an assessment of our underlying business performance, accretive organic or external business opportunities, the competitive and economic climate and our ability to repay our debt autonomously.

Since certain articles under Belgian Company law and under Telenet Group Holding's Articles of Association restrict the ability of Telenet Group Holding to make regular dividend payments or perform share buy-backs until certain minimum reserves are attained, the disbursement to be paid in Q3 2010 will most likely be executed as a capital reduction, which is not subject to applicable withholding taxes. The final decision on the shareholder remuneration and payout date will be voted upon at the Annual General Meeting of Shareholders (AGM) on April 28, 2010.



## Share price evolution

2009 was a turbulent year for global equity markets. After having reached new lows in early March 2009 on the back of the economic downturn, ailing corporate profits and speculation about the magnitude of the economic and financial crises, equity markets showed a major upswing in the second half of the year helped by a clear recovery of the economic indicators. Throughout the year, our share managed to consistently outperform the broader market as measured by the national Bel20 index and the renowned sector index DJ Stoxx Telecom.

During the first quarter of the year, our share price showed strong resilience whereas the broader market suffered double-digit declines following upheaval about the economic downturn and the spill-over effect of the financial crisis. In the second and third quarter of the year, our share kept pace with the overall market recovery, supported by robust operational and financial results and our upwardly revised financial outlook for the year. In the year-end quarter, our share again managed to outperform the broader market. Through the launch of next generation broadband products, using the latest Euro.DOCsis 3.0 technology, the cable industry was able to reconfirm its status of speed and product leadership versus competing technologies and was able to make further inroads into the DSL client base of the incumbents. The increased investor awareness of cable further propelled our share price, closing the year just shy of €20, representing a 67% growth rate compared to the closing position of 2008. As of March 3, 2009, the Telenet stock became part of the Bel20 index and entered the Dow Jones STOXX 600 index as of March 22, 2010.

## Information about the Telenet share

	in euro	
	2009	2008
<b>// Key share price figures</b>		
Closing price at December 31	19.93	11.92
Average price during year	15.24	14.12
Year high	19.93	19.36
Year low	11.59	9.59
Weighted average shares outstanding	111,354,953	109,981,494
Average daily trading volume (number of shares)	262,036	266,478
		<b>in million euro</b>
Market capitalization (year average)	1,697	1,553
Enterprise value (year average)	3,917	3,851

## Financial Calendar

26 April 2010	Annual meeting of shareholders
28 April 2010	Q1 2010 Earnings release (5.45pm CET)
3 August 2010	H1 2010 Earnings release (5.45pm CET)
28 October 2010	Q3 2010 Earnings release (5.45pm CET)

Note that these dates may be subject to change.

