Working on your future

Annual report 2012

telenet

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"2012 was yet another exciting year for Telenet."

Key figures 2012

Telenet plants more than **600,000** trees

Telenet uses **100%** green electricity

The average download speed available to our customers is now **41** Mbps (+32% y-o-y)

80% of calls receive a response within **120 seconds**

More than **36,905** fans on Facebook

Like

More than **22,000** followers on Twitter

Almost **75%** of our television customers have digital TV

Our CO$_2$ emissions were reduced by

25%

41%

of our customers have subscribed to a shake comprising three products

30%
Dual-play

41%
Triple-play

29%
Single-play

€
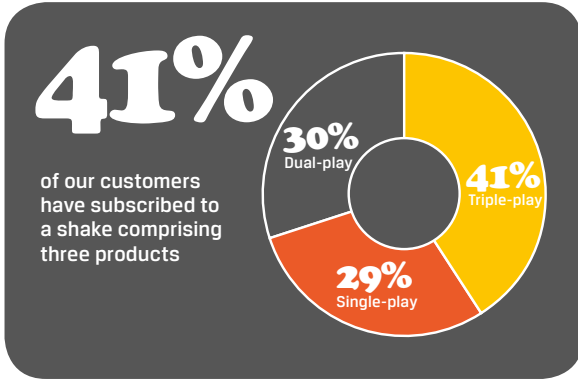
24%

Telenet invested a budget amounting to €353.2 million, corresponding to 24% of its revenue.

09,000

The Yelo application counted 209,000 active users in 2012, almost twice as many as in 2011.

yelo

51%

of our internet customers have a homespot

Our revenue increased by 8% to

€1,489

million in 2012

266

new staff

First Time Right:

73%

Introduction
by the Chairman and CEO

Dear customer,
Dear shareholder,
Dear partner,

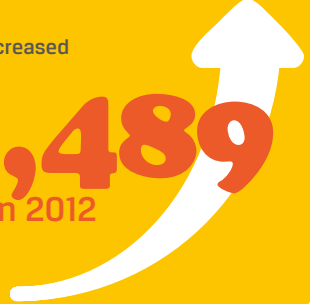2012 was again an exciting year for Telenet. Every employee's objective was once more to offer leading and innovative products with a strong customer focus. We achieved sustainable operational and financial growth thanks to this approach.

Broadband internet, fixed and mobile telephony and digital television now form a part of our every-day life. Our services are part of everyone's basic needs, and we are aware of the important role that Telenet has in society. Sustainability is a paramount principle reflected in every facet of the company. Our superfast broadband connections for both private individuals and companies help to grow the digital economy, and our accessible digital TV platform brings content from both Flanders and every corner of the world to every screen in every home. We also take into account those for whom the digital world is not so accessible - we have social tariffs for all our products, and the Telenet Foundation offers structural support to social projects that seek to bridge the digital divide. The Foundation has supported more than 100 projects since it was set up in 2006, and we also continue to support and promote important initiatives such as the UN Global Compact. We recently became members of the advisory board of the Belgian Network of the UN Global Compact, and since 2011 we have adhered to the Compact's 10 principles.

The fact that our sustainability programme is bearing fruit was confirmed in September 2012, when Telenet was included for the second time in both the Dow Jones Sustainability Europe Index and the Dow Jones Sustainability World Index. Telenet also received the accolade of 'Best-in-Class' in the worldwide media industry.

Our aim is to offer our customers the best and most reliable technology so they can enjoy digital content both at home and on the road, which we achieve by offering them innovative fixed and mobile products. Thanks to the convergence trend, digital consumption is constantly increasing - watching TV on both fixed and mobile screens is now a well-established habit. From now on it is viewers who will decide what, when, and where they want to watch – an idea we have supported since 2005 with the launch of digital TV. We were the first to bring TV to tablets with the Yelo app in 2010, and this year we are taking the whole world of TV a step further. With YeloTV, customers will be able to enjoy an entirely new user interface on the big screen, laptops, smartphones and tablets. We also offer seamless media integration with other digital devices. Sustainability was also central to realising this. YeloTV is compatible with the latest generation of our set-top boxes, which are already used by more than 50% of our digital TV subscribers.

All of these innovative services are only possible thanks to our basic foundation: the network. We will continue investing in our hybrid glass fibre and coaxial cable networks so our customers continue to view Telenet as the best network in Flanders and Brussels.

Today we can offer our customers download speeds of up to 120 Mbps, which confirms our status as the fastest provider of broadband internet services in our customer area. We intend to bring our glass fibre optical network to more customers' homes. Right now, an average of 740 houses are connected to each fibre optic junction compared to 1,400 houses in 2010, and by 2015 the average will further fall to 500. By 2015 we will triple the available bandwidth per household. We anticipate a rapid increase in demand for faster broadband connections, higher data volumes, and the advent of other digital devices - so much so that by 2020 we expect that each individual will have 6 devices connected to the internet.

We are confident that the combination of network bandwidth optimisation and the introduction of EuroDOCSIS 3.1 will ensure that the cable industry is still best placed to offer superfast broadband internet, both in the medium and long term. We will closely follow up our business investments and ensure that they result in incremental increases in income.

2012 will be remembered as the year when mobile telephony became an important part of our long-term strategy. It is our ambition to give customers everywhere simple, integrated and attractive access to their mobile apps. Our new positioning in the market for mobile telephony and the launch of our simple and transparent KING & KONG tariff plans have brought a whole new dynamic to the mobile telephony market. It quickly became clear that customers

appreciated our competitive tariff plans, as we succeeded in adding more mobile subscribers in 2012 than we did in the whole period between 2006 and 2011, the year we started offering mobile telephony.

Mobility means more than just a mobile subscription. Thanks to our unique position in the market, we can offer our customers superfast data access, regardless of their location. They can log in to more than 710,000 WiFi homespots and 1,200 public hotspots in Flanders and Brussels to surf, check e-mails, download videos and change their Facebook status. We also see future growth opportunities for mobile telephone use, bolstered by the fact that more wireless devices will be connected to the internet.

We attach just as much importance to sustainability internally as externally. We strive to offer our employees every possible opportunity - they are, after all, our greatest asset. We recruited 266 new staff in 2012, which brought our workforce to over 2,000. Almost half of our vacancies are filled internally and we work hard to see that we keep stimulating the talent we have through various talent programmes and training courses. We aim to keep building on both customer and employee satisfaction in coming years.

Thanks to all of you, we realised the increased objectives set for 2012. Our operating income increased by 8% to €1.489 billion, and our adjusted EBITDA rose by 8% to €778 million, which corresponds to a margin of 52.2%. We invested approximately 24% of our

We will continue to invest in our network.

operating income, of which the majority is directly related to growth of our activities. This advance was the consequence of strong growth in customers and continuing investments to bring glass fibre cable to more customers. As expected, our free cash flow remained stable compared to the previous year, at €241 million, despite higher interest costs.

We remain determined to maintain strong growth in our activities throughout 2013 and in the future. Our customer-oriented positioning will allow us to offer innovative and competitive products, which will lay the basis for future growth.

Customers who subscribe to only one product are increasingly making the transfer to our economical bundles and sign up to our mobile offering as well. Our proven long-term strategy around 'multiple play' is convincing more and more customers to purchase more and more services, which led to net growth of triple-play customers by 77,300 for the full year in 2012. The average income per customer relation rose year on year by 9% in 2012 to €45.90, excluding income from mobile telephony.

We also expect that the majority of our remaining analog TV subscribers will eventually switch to our far more extensive digital TV platform. We also expect further growth in our broadband internet market share in Flanders and Brussels We therefore expect to attract additional customers with a combination of leading products and customer experience.

Our successful repositioning in the mobile telephony market will increasingly contribute to our income growth. Consumers value our simple, transparent and competitive mobile tariff plans, which enables us to sell on mobile services to our considerable customer base. Only 11% of our customers subscribed to our mobile tariff plans at the end of 2012, which presents an immediate significant growth opportunity.

We are also enthusiastic about growth opportunities in the business market. Our business services are mainly aimed at the segments and services where we expect to achieve greater market share, despite intense competition both now and in the future. With this in mind, Telenet for Business intends to keep adding to the investments of the past years, and approach the market with an integrated range of leading services and solutions in the areas of connectivity, security and hosting, with a strong focus on our coax products.

We want offer our customers the best and most reliable technology.

We want to maintain excellent customer service provision and customer confidence, so we will keep enhancing our processes and platforms, while always putting our customers first.

Finally, we would like to thank Friso of the House of Orange for his numerous contributions as an independent director. Friso has supported Telenet for more than eight years and we know him as a modest, thoughtful, intelligent and humorous colleague. Our thoughts are with his family at this time.

Duco Sickinghe,
Managing Director

Frank Donck,
Chairman

On June 28th, 2001 Duco Sickinghe became CEO of Telenet. Under his management Telenet grew strongly. The strategy remained unchanged: being at the crossroad of television, internet and telephony, with a continuous focus on customer satisfaction and customer experience.

12 years: looking back

2002

Telenet takes over the **cable network** of the public-private intermunicipal corporations.

Telenet accommodated its customer care services in one unit: the **Telenet Contact Centre**. Later that year Telenet was the first to offer do-it-yourself installation.

2002 was a special year for Telenet. Duco Sickinghe managed to get Telenet back on track after the crisis. Five years after the start-up the social role of Telenet was firmly established.

2004

Telenet continued to develop its Next Generation Network. The new **ExpressNet**, which virtually covers the whole of Flanders and is one of the most state-of-the-art networks in Europe, brings high-quality Internet, telephony and television to the home and the office.

Telenet was the first to put a fixed-rate telephone subscription on the market, **FreePhone**.

2006

Telenet launches its mobile telephony services, Telenet Mobile, as a **mobile virtual network operator (MVNO)**, in partnership with Mobistar.

As a responsible social partner, Telenet wants to help close the digital divide in Belgium and abroad. In order to structure those objectives, Telenet set up the **Telenet Foundation**.

In September Telenet celebrates its **tenth anniversary**. The company counts 1671 employees. Earlier this years new extension works began on the Telenet offices in Mechelen.

2001

Duco Sickinghe becomes CEO.

2003

Telenet took the first step in offering **mobile Internet** with the takeover of the Flemish firm Sinfilo.

Telenet takes over the pay television channel **Canal+Vlaanderen**, later known as PRIME.

Telenet reached an agreement with Suez on the takeover of Codenet. **Codenet** was to a great extent complementary to Telenet Business. from now on Telenet Business will be able to offer services all over Belgium and Luxembourg.

2005

Telenet launches **interactive digital television**.

In October the Board of Telenet gave the go-ahead for the **IPO**.

TELENET GAAT NAAR DE BEURS. VROEGE INTEKENPERIODE LOOPT VAN 26 TOT EN MET 30 SEPTEMBER 2005.

Investeer mee in de digitale toekomst.

KING & KONG

2012

In July Telenet shakes up the Belgian mobile telephony market with the launch of **KING & KONG**.

ITelenet was for the first time, awarded 'Best in Class' for the global media sector in the Dow Jones Sustainability Index.

Duco Sickinghe was elected manager of the year 2011 in January "His 10 years as CEO of Telenet were characterized by strong innovation and growth, "explained the jury.

2010

In February, Telenet launched **Fibernet**, a new Internet generation allowing speeds of up to 100 Mbps.

Telenet was the first operator in Belgium to begin tests to study and assess the new possibilities of **4G**.

In December Telenet lauches the **Yelo application**.

2008

Telenet takes over the cable activities of **Interkabel**. By this takeover Telenet covers the whole of Flanders and part of Brussels by conventional cable.

2007

Telenet launched **HDTV**, High Definition Digital Television.

Telenet takes over Hostbasket, the leading hosting provider for SME in Belgium.

2009

Telenet evolves to a **full MVNO** agreement. The new tariff plans Walk&Talk combine an attractive rate plan with a mobile phone appliance offered for just 1 euro.

In March, the Telenet share became included in the **Bel 20 index**. At the same time, trading began in Brussels in stock options of Telenet Group Holding NV.

2011

Duco Sickinghe is **10 years CEO of Telenet**. In June, he was elected **best CEO of stock-market listed Belgian Industry by Thomson Reuters Extel**.

Following a tendering procedure, Telenet acquired a number of exclusive pay television rights to broadcast the **Belgian football competition** during the next three seasons.

In September, Telenet is included in both the **Dow Jones Sustainability Europe Index** and the Dow Jones Sustainability World Index. Telenet is the only Belgian company in these respected indices.

2013

Telenet launches **Yelo TV**: the new TV experience which allows the customer to view his favorite programs, live or recorded on every screen.

Word of thanks

On 5 March 2013, the Board of Directors of Telenet announced that Duco Sickinghe would resign from his position as CEO and director. Duco was at the helm of this leading company for no less than 12 years. Thanks to his energy, operational and organisational skills, strategic vision and extraordinary leadership, Telenet has evolved into one of the fastest-growing cable companies in Europe. By always putting customer experience and innovation at the centre of the business and placing the emphasis on an entrepreneurial culture, the entire Telenet team systematically posted solid and sustainable profits.

Under Duco's leadership, Telenet played a pioneering role in the development of the information superhighway in Flanders, which brings everyone closer together and ensures that Flanders is open to the whole world. Investments made by Telenet were crucial for the development of a modern telecoms infrastructure and high broadband penetration in our region.

Telenet made innovation a paramount principle. Duco and his team were the driving force behind ExpressNet, a superfast internet experience which is still a market leader in Flanders, with its successor FiberNet. Digital TV arrived in Flanders in 2005, and this platform was user-friendly, accessible and fully interactive right from the start. Telenet was also

the first cable operator that believed in the future of mobile apps. The first MVNO agreement was concluded in 2006, which formed the basis for the gigantic success of King & Kong today. Telenet again played a pioneering role in 2010 with the launch of Yelo, an application that could be used to watch live TV on a tablet or smartphone.

Duco made customer awareness and feedback a part of Telenet's DNA. He introduced the Customer Loyalty Score where customer satisfaction and feedback are independently surveyed every month, which is linked to the bonuses of Telenet's top 150 managers. In Duco's opinion, a CEO must always be accessible to his customers.

Telenet put a great deal of energy into sustainability and the social role the company wanted to play. As a responsible social partner, Telenet helped to reduce the digital divide. The Telenet Foundation was set up to organise this objective, a foundation to which Duco donated a major part of his bonus for many years. In September 2011 Telenet was admitted to both the Dow Jones Sustainability Europe and Dow Jones Sustainability World Indexes. This made Telenet the only Belgian company and the sole cable operator to appear in these renowned indexes.

As chairman, but also in name of the Board of Directors, the employees, shareholders and

"Duco Sickinghe nearly ex CEO #Telenet sees by broadband, our training institutions and our brainpower more opportunities than problems."

"Duco # Sickinghe deserves respect as CEO. He gave his bonus to charities, forged a strong team and got Telenet back on track."

"With the departure Duco the Belgian economy loses a CEO with great talent and heart for communication. Pity."

"Glad to find qualified entrepreneurs with a very human, modest side. # Duco Sickinghe."

stakeholders, I wish to thank Duco warmly for his priceless and untiring contribution to the company. Duco's decision to resign brings to a close a remarkable career of nearly 12 years in the service of Telenet, its employees and its shareholders. As benefits a great leader, the values and the corporate culture that Duco has brought at Telenet are so strongly embedded and entrenched that they will remain a unique base for further growth and development of the company for the benefit of all stakeholders

The Board has announced on March 5th the appointment of John Porter as Telenet's new CEO. John Porter was, until the sale of Foxtel, CEO of Austar United Communication, a leading provider of TV services and related products in Australia.

Under John's leadership, Telenet will be able to realise its further ambitions to be the foremost provider of digital television, broadband internet and fixed and mobile telephony, with further growth in sales, profitability and cash flow. With a continued focus on customers and innovation, the company will look at value-creating synergies with the Liberty organisation, in the interests of all its shareholders. Telenet will continue to fulfill iit's pioneer role in digital Flanders.

Frank Donck

"Warm thanks for the priceless and untiring contribution."

Highlights

yelo™

Following the new telecom law Telenet scrapped altogether the notice period for all its subscriptions. Telenet customers can now cancel their subscription to Internet, fixed and mobile telephony or television at any time, without having to pay cancellation fees.

Yelo TV combines Telenet's digital television with the Yelo application. This innovation seamlessly transmits the television experience to a device of choice. Content is exchangeable between all the screens in a household and viewers can watch live TV or recorded programmes on their tablet, computer or smartphone. By the same token, photographs and videos on a laptop or smartphone can easily be viewed on a central TV set.

Top!
Employer

Telenet can rightly refer to itself as a Top Employer for the whole of 2013. This accolade is one of three "quality labels" for employers in Belgium and the only one derived from an external audit of HR policy.

ROBECOSAM
**Sustainability Award**
Sector Leader 2013

In September 2012 Telenet was incorporated in both the Dow Jones Sustainability Europe Index and the Dow Jones Sustainability World Index for the second time. These Indices identify the leading companies with respect to economic, ecological and social performance in each sector. For the first time Telenet was also voted 'Best in Class' in the worldwide media sector.

De gele duim
van Telenet

At the beginning of 2013 Telenet bestowed its first "Yellow Thumb" award. From now on this prize will be awarded annually to exceptional initiatives that make a difference in promoting safe, responsible and accessible computer and internet use. This time we choose the project run by three primary school teachers, who are trying to promote ICT in schools via their "**digital schoolbag**" website.

At the end of July 2012 Telenet launched **KING & KONG**. Cheap and transparent subscriptions offer the customer an almost ridiculous amount of data, call minutes and texts. Telenet currently has the highest sales figures, for mobile subscriptions, as an individual product in its history. The number of mobile customers has increased by 112% in a single year.
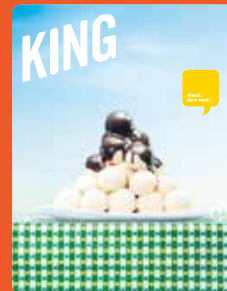
Wi-Free
Surf hier gratis als Telenet-internetklant
Info en voorwaarden op telenet.be/wifree

As from 2012 the Telenet hotspot network has been supplemented by more than **700,000 homespots**. 51% of our internet customers have a homespot.

HBO

At the end of October 2012 Telenet signed an exclusive three year deal with **HBO**. PRIME viewers can rest assured that they will be the first to be able to view all new HBO releases in Belgium on their television sets.

Company profile

Telenet is **the leading cable service provider in Belgium** and specializes in the supply of broadband internet, fixed and mobile telephony services and cable television to customers throughout Flanders and Brussels over a powerful HFC (hybrid fibre coax) network.

With its **Yelo application** Telenet is venturing into the supply of convergent mobile services. Telenet also supplies professional communication services to businesses in Belgium and Luxembourg.

yelo^{TV}

Being a telecommunication enterprise, Telenet attaches great importance to **innovation and development**, and consequently continually optimises existing applications and broadens technological possibilities and content. A persuasive marketing approach, creative product mix and efficient customer service combine to ensure that Telenet is always able to appeal to new target groups.

€1.48 billion turnover

2,133
employees

As a growth company, Telenet is very much aware of its increasing responsibility in the community. It has succeeded in substantially reducing its **ecological footprint** through a number of initiatives.

Telenet also demonstrates a **high degree of social engagement**, which is reflected not only in its socially aware product range, but also in the efforts made by the Telenet Foundation to close the digital divide between different social groups.

Telenet is based in **Mechelen**, with contact centres in **Herentals**, **St-Truiden** and **Aalst**, and regional sites across Flanders to provide technical support.

Liberty Global is the main shareholder of Telenet. At the end of 2012 LGI owned **50.1%** of Telenet shares.

By the end of 2012 Telenet's workforce comprised **2,133 employees**, who together generated a turnover of **€1.48 billion**. Telenet is listed on Euronext Brussels and included in the Bel 20 index.

Mission

Telenet seeks to play a leading role as a telecommunications company, at the **crossroads** of television, internet and telephony. We want to enrich the daily lives of our customers with sustainable, simple products and services that combine high tech performance with top quality entertainment value.

Telenet, which aspires to be a genuine, **reliable** partner for all its customers – residential and corporate as well as other target groups- is driven by an intense focus on quality awareness and maximum customer satisfaction.

Telenet wants to achieve its objectives by leveraging the commitment and motivation of a valuable team of inspired **employees** who are given plenty of opportunity to further develop their job skills.

Telenet wishes to contribute to the positive **social development** of people and businesses. As a growth company, we are very much aware of our increasing responsibility within the community. We consequently want to take good care of the environment around us. Every day we do our utmost to minimise our ecological footprint. We are continually trying to identify how our broadband network can be employed to help create smart solutions that have a positive impact on the community.

We believe that focusing on a long-term **sustainability strategy** is the best way to remain successful and create value for all our stakeholders.

Strategy

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In short

Telenet wants to ensure that its residential and corporate customers can enjoy their digital lifestyle using the best and most reliable technology at home, at work and on the move, and achieves this by putting the **customer at the heart of each new development.**

This enables us to offer **ground-breaking products** based on the correct price/quality ratio. Our focus remains on the provision of state of the art broad-band products, competitive fixed telephony services and a fully interactive and progressive digital TV platform. To this end we will continue to invest in our fixed network in order to maintain our leading edge with respect to other platforms.

Finally, corporate social responsibility has also become part of our operational management. **Sustainability** has become an integral part of our vision and a similar message is conveyed by all our departments.

Growth potential

In broadband internet and mobile services

Being a cable operator, we repositioned and heavily promoted our mobile services in 2012. The huge increase in the popularity of smartphones and tablets means that mobile services, and mobile data in particular, will become a major growth area for Telenet in the coming years. In practical terms this means that we will continue to focus on more broadband and mobile services and a new type of TV viewing experience.

Broadband internet penetration currently stands at 77% in Belgium. Some countries have already achieved in excess of 90% penetration. In view of the fact that fixed and mobile equipment will increasingly use the internet, we feel that a broadband penetration rate of 95% by the end of 2015 is feasible. This implies that further growth, in excess of 20%, in the number of internet connections is still feasible. In fact it is expected that the milestone of 3 connected apparatus per individual will be reached worldwide by 2016.

We also expect comparable growth figures in mobile services. Nowadays Belgians own an average of 1.22 sim cards each, whereas the top five EU countries already score an average of 1.64 sim cards per inhabitant. If this trend also continues in Belgium the mobile market is set to increase by at least 34%. Combined with a further rise in the use of smartphones, tablets and more intense use of mobile applications such as Facebook, Instagram and Twitter, it is clear that mobile will play a significant role in our strategy. At the end of 2012 our mobile market share only amounted to 7%, compared to 38% for broadband internet. Being a cutting edge fixed operator with a broad range of mobile solutions via our extensive Wi-Free network and our mobile partner Mobistar on 3G, and in due course 4G, we will be uniquely positioned in the Belgian market.

Development of television

The way in which we view television is also changing at lightning speed. We have definitely entered the era of viewing what you want, when you want. From now on viewers will be able to plan their TV night for themselves. Films, television and sports programmes are increasingly being selected from the huge catalogues made available by broadcasters and film studios. And we are doing this more and more frequently via so-called "third screens", i.e. laptops, tablets and smartphones. The 'television experience' will consequently remain a crucial element of Telenet's strategy for the future. Our pioneering role in the development of a user friendly and multifaceted, interactive digital TV platform has resulted in more than three quarters of our TV customers viewing digital TV today. We expect this digitalisation process to continue over the coming years because of the countless advantages associated with digital TV, including razor sharp high definition images, more channels and unlimited library content – to mention but a few.

The business market

We remain enthusiastic about our growth opportunities in the business market. Our business services are mainly targeted at those segments and services in which we expect to gain a higher market share, despite intense competition. Telenet for Business wants to build on investments made in previous years and approach the market with an integrated range of cutting edge services and solutions with respect to connectivity, security and hosting, with a strong focus on our coax products.
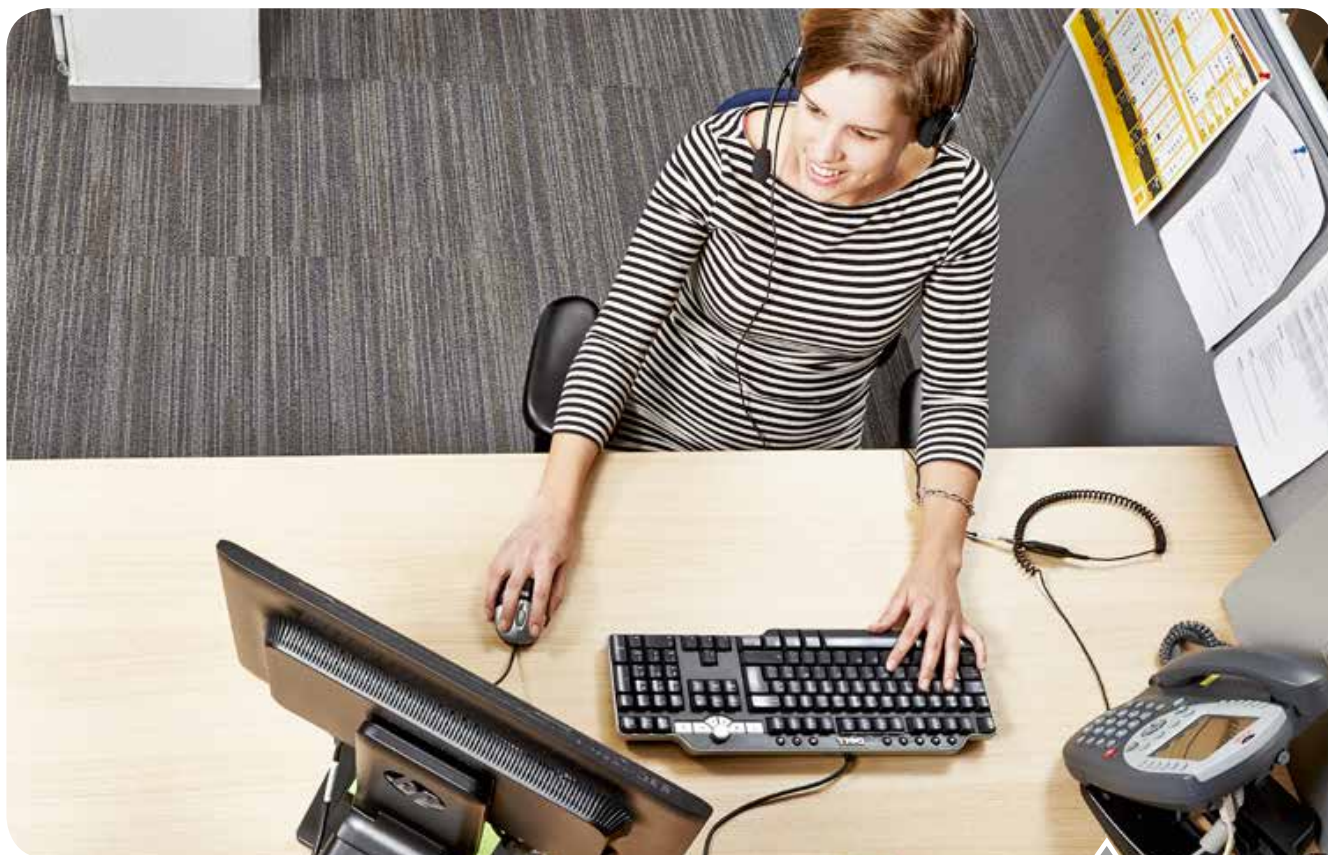
We want to thank our existing customers for their loyalty.

Long term strategy

In the long term Telenet wants to generate further growth on the basis of four strategic principles: a focus on the customer, on innovation and investment in a super fast, progressive network and in mobile services.

Focus on the customer

The customer is, and remains, the key value factor for our company, which is why outstanding customer service remains a fundamental aspect of our strategy. After all, satisfied customers are loyal customers and the best brand ambassadors. They are the foundation for further growth. In addition to introducing new customers, we would also like to thank our existing customers for their consistent loyalty going back over many years, by being proactive in offering them the best available tariff as a reward.

Focus on innovation

Telenet wants to continue playing a key role in a digital world, which is developing ever more rapidly. We are, therefore, closely monitoring international technological and consumer trends in order to be able to develop new products and services in line with consumer expectations. Since its establishment Telenet has played a pioneering role on many occasions. In 2005 we were one of the first cable operators to launch interactive digital television and in 2010 we were the first operator in Belgium to introduce TV on tablets and smartphones. The introduction of Yelo TV in 2013 represents a new crucial stage in the further development of our digital TV platform, which is set to become a true "media gateway". An advanced user interface, the integration of photographs and music on any PC in the house and viewing of recordings on a tablet, will add a totally new dimension to the central role Telenet hopes to play in the digital world, today and in the future.

Our successful repositioning in the mobile market will increasingly contribute to long term growth.

Investment in a super fast, advanced network

Our network can already offer download speeds up to 120 Mbps, which once again reaffirms our status as the fastest broadband internet service provider in our service area. In the years ahead we will continue to invest by bringing our fibre optic network closer to the consumer. At this point in time an average of 740 households are connected to each optic node, compared to 1,400 in 2010. By 2015 this number will have dropped even further to an average of 500. We will have tripled the available bandwidth per household by 2015 as part of our Pulsar Project, which involves a total investment of €150 million. This means that our network will be ready to accommodate the expected rise in data use. Studies have shown that internet traffic is set to triple over the next five years, particularly as a result of video streaming. The combination of the further optimisation of our network bandwidth and introduction of EuroDOCSIS 3.1 will ensure that Telenet remains best placed to offer super fast broadband over the long term.

Focus on mobile services

Our successful repositioning in the mobile market will increasingly contribute to long term growth. Customers value our uncomplicated, transparent and competitive mobile tariff plans. At the end of 2012 only 11% of our 2.2 million customers had taken out a Telenet mobile subscription. This clearly demonstrates that there is considerable opportunity for growth over and above the expected growth of smartphones and tablets, which consume ever greater amounts of mobile data. In due course our customers will also be able to use the superfast LTE or 4G network, which we have access to as a virtual mobile operator from our partner Mobistar. Mobistar expects to achieve 80% national coverage by 2015. LTE/4G will enable customers to surf at 50 Mbps.

However, mobile services involve much more than just a mobile network. The Telenet WiFree network guarantees the best possible mobile experience and gives both internet and mobile customers access to more than 700,000 homespots and 1,200 hotspots throughout Flanders and Brussels. Our customers are increasingly turning to WiFree. In December 2012 83% of all out of home mobile data use ran via our WiFree homespots. Studies forecast 13 times more mobile data use by 2017, compared to 2012, which is why we intend to expand our WiFree network to more than 1 million homespots over the next few months to ensure that our customers can surf the net, watch television, share photographs or Twitter seamlessly from any kind of application.

We applied Globe-Us to two areas:

1. Formulation of new targets for the Leap sustainability strategy
2. Sustainability training for senior managers

The 7 stages of the 'Globe-Us' process can be summarised as follows:

1. **Description of the business model in accordance with the 'Business Model Canvas':**
   How is our business structured? Who is/are our customer(s)? Who are our users? How many are there? Which social trends do we need to take into account?
2. **Definition of sustainability related issues in the sector:**
   Ask our stakeholders outright which issues are relevant to them?
3. **Selection and prioritisation of material issues according to stakeholders and the organisation:**
   Analysis: Which issues indicated by our stakeholders are material for us and what is their impact on operational management?
4. **Illustrating the competitive environment in a 'value curve':**
   How does the competition tackle sustainability and what do our customers want?
5. **Definition of ambitions and targets for future development:**
   Which specific benchmarks can we employ to substantiate the effectiveness of our LEAP sustainability strategy?
6. **Indication of strategic opportunities:**
   What opportunities are available concerning eco-efficiency, innovation and customer intimacy?
7. **Feedback to the business model for a potential redesign:**
   How can we redesign the existing business model in conjunction with our customers?

©Between Us

'Let's leap': 7 stages towards a sustainable business strategy

The 'Linking Environment and Profit' (LEAP) pro-gramme makes the sustainability policy an integral part of Telenet's long term strategy and overarching business vision.

Leap is founded on three major concepts:

Connect: The creation of digital opportunities. Everyone should have the opportunity to access the new telecom resources resulting from the creativity and technological development facilitated by Telenet. Telenet is trying to close the digital divide via, amongst others, the efforts made by the Telenet Foundation.

Care: Telenet cares about the community in which it operates and, in the long term, wants to pay heed to the social needs of all its stakeholder groups, including employees, customers and others. The monthly meetings resulting in the "Customer Loyalty Score" are a typical example of this. These surveys teach us valuable lessons on how to promote customer satisfaction levels and the optimum approach to product launches or changes to our services.

Cascade: As part of its corporate responsibility, Telenet wants to make a successful contribution to the integration of sustainability in the daily lives of its main stakeholders. A typical example relates to the installation of Wi-Fi hotspots at more than 70 charging points for electric vehicles throughout Flanders.

Ambitious targets for 2015

The principles of Care, Connect and Cascade have been incorporated into action plans focused on three areas, i.e. connected customers, healthy planet and engaged employees, the results of which are assessed against specifically defined KPIs.

We had already achieved two of the three KPIs we had set for 2015 in 2012. Firstly, we scored in the upper quartile of the social section of the Dow Jones Sustainability Index (DJSI), which focuses on contacts with stakeholders and, more specifically, employees and evaluates aspects such as talent attraction and workplace. Secondly, we achieved a 20% improvement in our citizenship score (compared to 2009), which evaluates Telenet's position in society, its efforts on behalf of, for example, socially weaker members of society and with respect to climate and environment.

At the end of 2012 we, therefore, further refined our targets into an ambitious sustainability vision and employed the 'Globe-Us' process, which offers a comprehensible approach for business specific elements concerning people, planet and profit, for this purpose.

Please consult the corporate website for a complete overview of our application of the Globe-us process.

In practical terms this we aim to be one of the top 3 most sustainable consumer brands in Belgium by 2015. Because we had already achieved two of our three KPIs for 2015 in 2012, we will formulate new ambitious targets per focus area this year. Specific implementation details will be announced later this year.

CSR Vision

In 2015, Telenet has a **top 3** position amongst the most sustainable consumer brands in Belgium
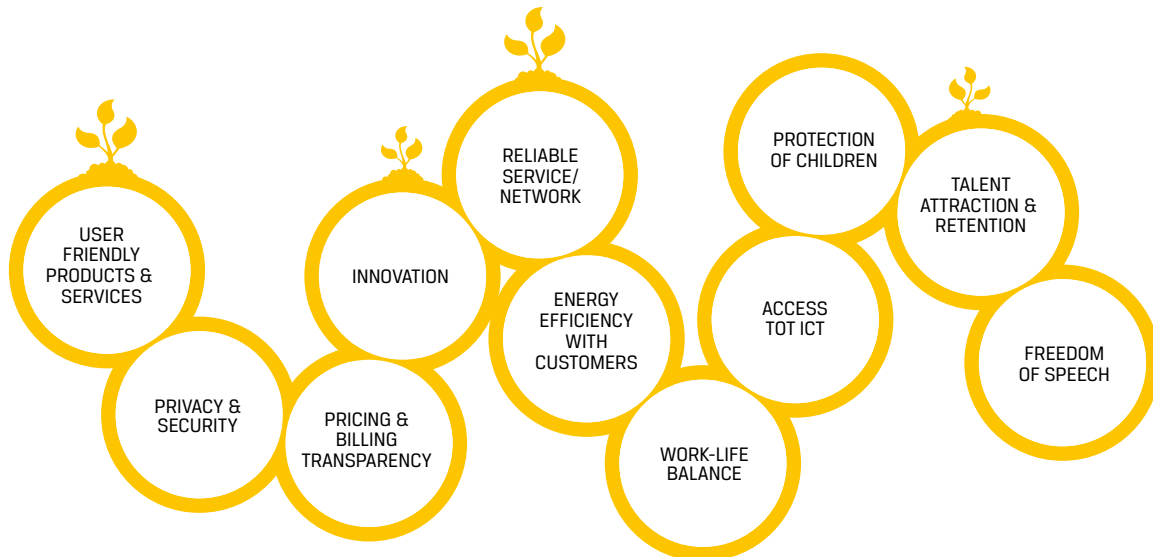
Connected Customers
Continuous improvement of citizenship reputation in Reptrack

Healthy Planet
Carbon neutral network

Engaged employees
Continuous improvement of workplace reputation in Reptrack

USER FRIENDLY PRODUCTS & SERVICES

PRIVACY & SECURITY

INNOVATION

PRICING & BILLING TRANSPARENCY

RELIABLE SERVICE/ NETWORK

ENERGY EFFICIENCY WITH CUSTOMERS

WORK-LIFE BALANCE

PROTECTION OF CHILDREN

ACCESS TOT ICT

TALENT ATTRACTION & RETENTION

FREEDOM OF SPEECH

5 focus points for customer satisfaction

We aim to achieve our new targets by focusing on the points of specific attention in our materiality matrix, which we formulated for the first time at the beginning of 2012. The matrix helps us identify the most relevant issues in sustainable management. We asked our stakeholders which subject matter relating to the economy, society and the environment Telenet should have an impact on. A total of 1,524 business and residential customers, employees, suppliers and other stakeholders indicated which subjects should, in their view, be given priority.

We then distilled a top five of focus points that all stakeholders consider paramount for customer satisfaction:

1. Service reliability
2. Privacy and security
3. Transparent pricing policy
4. User friendly products and services
5. Energy use by the customer

Telenet highlights the significance of customer satisfaction by including the Customer Loyalty Score, a monthly objective customer satisfaction benchmark, up to a level of 40% in the executive bonus system.

Sustainability policy integral part of the business

The LEAP programme targets were previously incorporated in a charter, which was endorsed by the group's entire Executive Team.

Bearing in mind the ever-increasing impact of sustainability on Telenet's activities, the Board of Directors decided to establish a 'Sustainability Committee' on 15 February 2012. Its 5 members will regularly discuss all topics relating to the development, implementation and monitoring of the Leap programme. This Committee will also be merged with the Strategic Committee and renamed the 'Strategy & Sustainability Committee'.

At the beginning of 2013 the Leap Council was established as part of the Executive Team. The council, which has a coordinating role, will meet quarterly. Individual Executive Team members are responsible for the respective materiality topics that need to be

highlighted both inside and outside Telenet. They must develop plans and supervise the implementation of current materiality related activities. Since the start of 2013 ET members have, where relevant, specific materiality topic related targets. A double link has been made between the execution of the sustainability policy and reputation management The LEAP counsel is respresented by amongst others representatives of corporate communication and marketing communication. Furthermore the VP sustainability is a member of the Council Reputation, next to senior managers in HR, Marketing (business and residential customers), customer service and Public Affairs.

Executives consider sustainability an incentive for value creation and innovation. For instance, they look at reputation enhancing opportunities and anticipate/respond to customer queries. The main focus is on a number of rapidly progressing social themes such as climate change, population ageing and the digital divide.

Not unnoticed

The fact that Telenet was incorporated in both the Dow Jones Sustainability Europe Index and the Dow Jones Sustainability World Index for the second time in September 2012, again demonstrates that our sustainability policy is bearing fruit. Dow Jones Sustainability Indices (DJSI) identify the leading companies with respect to economic, ecological and social performance in each sector. For the first time Telenet was also voted 'Best in Class' in the worldwide media sector. With this achievement, Telenet belongs to the select group of 19 super sector leaders in the Dow Jones Sustainability Index.

In addition to this second entry in the Dow Jones Sustainability Index, Telenet has also been included in the FTSE4Good Index since March 2012.

Telenet considers these significant benchmarks for the integration of sustainability.

The value of CSR according to our executive members

Marketing
CSR enhances Telenet's reputation (80%) and innovation power (67%)

| Reputation | 80% |
| Innovation power | 67% |

Competitiveness
CSR helps meet and anticipate customer demands (75%)

| Anticipation | 75% |

Financial activities
CSR increases efficiency of business operations and generates cost savings (69%)

| Cost savings | 69% |

Personnel matters
CSR promotes the attraction of talent within Telenet (63%)

| Talent | 63% |

Tell us
what
you
want!

28

The
cus-
tomer

" We make great efforts, year
in year out, to guarantee
transparant, clear product offer
and reliable services. Customer
satisfaction is our top priority. **"**

Tell us what you want!

"Using various methods, we regularly monitor customer opinions about Telenet."

Accessibility

We attach great importance to the fact that customers can contact us without difficulty at all times and continually try to improve this level of accessibility via various activities. The results are reflected in the Customer Loyalty Score.
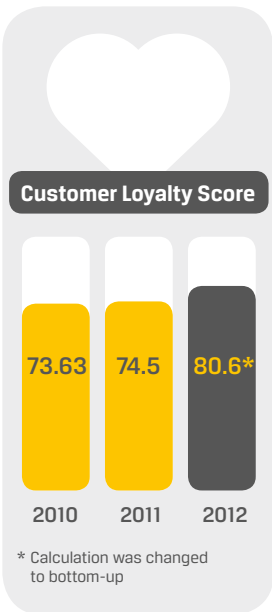
Contacts per subject

Loyalty

Informative, administrative and technical questions

Commercial

36,000 contacts per day, with a team of more than 1,500 employees. That equels 2 sold out concert halls per day.

We aim to provide optimum product support and seamless user eperience.

Customer Loyalty Score

The Customer Loyalty Score (CLS) is the principal customer satisfaction benchmark amongst both residential and business customers. Each month we conduct surveys to find out how customers perceive their Telenet products. These surveys also cover peripheral services such as installation, accessibility and the quality of our call centre, invoicing and other customer communications. The final result is a monthly global figure that enables us to monitor customer perception.

Our measurements deliver valuable lessons, including the best approach to product launches or changes in our services. Because the market is subject to change and customers adapt their purchasing behaviour over the years, the CLS measurement method is updated on a regular basis to capture new trends.

The CLS score, which had already been improving since the third quarter of 2011, continued unabatedly in the same manner in 2012. The launch of KING & KONG provided a considerable boost. In 2013 we intend to continue focusing on the internet, digital television and our mobile products. Using transparent communication methods, specifically tailored to individual customer situations, we aim to provide optimum product support and seamless user experiences.

The Customer Loyalty Score is incorporated, as a measurable parameter, into the bonus system. Up to 40% of the overall amount in potential bonuses paid by Telenet to its executives is directly dependent upon this score.

In the spotlight

Improved internet experience

Satisfaction with our internet product is one of the soundings of the CLS score. Both technology and customer expectations in this area have moved on tremendously in recent years. The wireless internet modem, which we now install as standard, is much more intelligent than the modems of a few years ago. Moreover, most customers now have more apparatus that work with a wireless connection. To ensure that all these innovations run seamlessly, we initiated an upgrading programme focused on our internet product's quality experience in 2012. We constantly implement small, structural improvements to raise the level of reliability. For example, we optimise the installation by carrying out extensive tests on the modem and Wi-Fi signal. If, during this monitoring process, it appears that specific customers have a weak modem signal, we are proactive in calling them. We also devise as many solutions as possible that can be implemented by the customer via our online customer service. We also provide a listening ear to customers via our helpdesk and social media. After all, they are best placed to indicate what their expectations are and what may sometimes go wrong.

Customer Loyalty Score

2010	2011	2012
73.63	74.5	80.6*

* Calculation was changed to bottom-up

"The right answer at the first contact."

Customer campaigns

A second CLS based focus programme combines all existing and new initiatives targeted at strengthening the relationship between Telenet and its customers. This may include fun activities whereby both existing and new customers stand to receive something for free or win something. These campaigns are often infectious and highly successful –both inside and outside the company! For example, in April we launched our first Telenet 'lipdub', with a hidden geo-coaching contest giving customers the opportunity to win three iPads. In September we organised the largest ever 'yellow musical chairs' event in Ghent, which coincided with the launch of the iPhone5. And 1,500 pairs of yellow "Tele-wellies" flew out of the door within barely 10 seconds in January 2013 on the occasion of the cyclo-cross

world championship! However, we don't always need a specific reason for a campaign, sometimes we like to spoil our customers for no reason. For example, they may receive a free voucher to request a film from the TV video library. Campaigns such as these will remain high on the agenda in the coming years.

Stoelendans - Caption?

Ideas
submitted by employees

We not only take into account our customers' views, we also pay attention to our employees' ideas concerning our customer service and products. After all, they are in contact with our customers on a daily basis, know where improvements can be made and frequently have specific ideas on how to achieve them. This is why, at the beginning of 2012, we launched our "My Idea" platform, where employees can post improvement proposals centred on specific themes. All ideas are studied in detail and the most useful ones are put into practice. Almost 900 proposals were raised in a twelve month period, 20% of which have already been, or will soon be, implemented. Most proposals are submitted by employees in our contact centres. The following are but a few of the best ideas that were submitted:

1. When an electronic bill is returned because of an incorrect e-mail address, we are proactive in calling the customer to update his/her details in the database.

2. All KING customers are given the choice as to whether they want to include a detailed list of texts and calls in their invoice. Bearing in mind that customers often consider this unnecessary, it helps us save a substantial amount of paper.

77%
2010

78%
2011

80%
2012

85%
objective

Improvements in response times in recent years: response within 120 seconds

Accessible by telephone

The Customer Loyalty Score also comprises traditional accessibility related figures. We are making every effort to improve them year on year. From 1 July we will simplify the selection menu for telephone calls from our residential customers as a result of information received from satisfaction surveys, the customer friendliness charter set up by Radio 1 presenters Peeters and Pichal and our own internal analyses. The most frequently selected options, such as invoicing and sales, will now be at the start of the menu to ensure that customers reach the right adviser within maximum 45 seconds. Starting in March these advisers will employ a new conversation structure. In view of the fact that customers are often au fait with our products and services anyway, Telenet makes certain that all helpdesk employees have the right expertise and can offer customers concise and consistent advice. Throughout the conversation advisers monitor the quality of their replies. This way solutions can be tailored to customers' requirements to ensure that they obtain the most appropriate support from the initial contact. In 2012 we achieved a "First Time Right" percentage of 73%. Our target for 2013 is 75%. The focus is on simplicity at all times. This initiative, amongst others, resulted in a 10% increase in customer satisfaction levels about telephone contacts compared to last year.

One fifth of the overall number of customer contacts is still telephone based. This year we managed to accommodate peaks, as a result of the unexpectedly high success of campaigns such as KING & KONG, twice as fast as before. To this end we also made an effort to improve cooperation with our call centre partners. With cooperation based on

71% of the customers who contacted Telenet via e-mail were served within two days.

complete transparency our organisation is now founded on effective figures instead of forecasts. In practical terms this means that we know straight away when, for example, a partner does not have the same number of employees as originally planned. We can then immediately deploy other people via our own helpdesk and other partners, resulting in shorter waiting times for customers, even at peak times. We have noted a significant rise in customer satisfaction levels about our call centres as a result of these developments.

Telephone response times always play a major part in the perception of customer satisfaction. 80% of calls were answered within two minutes in 2012. We continue to make every effort to reach our target of 85% within 120 seconds. Since last year customers who have to wait longer than 150 seconds are given the option to be called back at a time that suits them.

Contacts per medium

20.2%
Telephone

0.3%
Social Media

26%
Online Support

53.5%
My Telenet
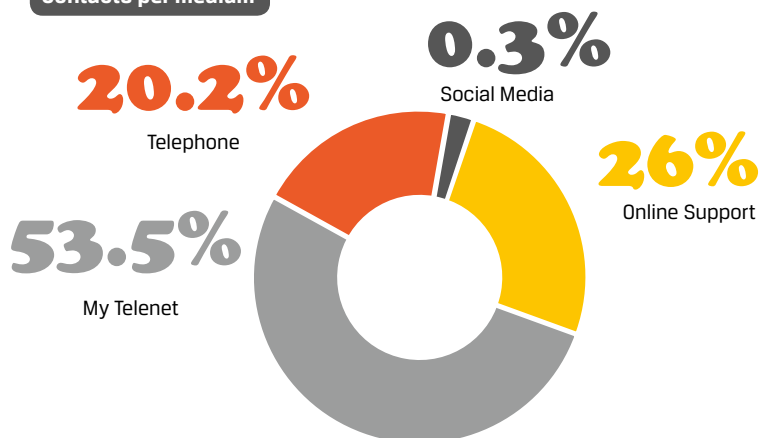
Mails and letters answered within a week

2012 objectives	2012 achievements	2013 objectives
80% within **2** days	**71%** within **2** days	**80%** within **2** days
100% within **5** days	**93%** within **4** days	**100%** within **5** days

Accessible via the internet

In 2012 most of our technical customer support was internet based. Our online customer service provides access to specific staged plans with additional information to help customers in their attempts to solve a problem themselves initially. Customers can also manage their products and services via 'My Telenet', where they have access to an overview of general settings such as password and contact data, and all their product options. This platform will also generate electronic invoices.

Every 2 minutes
somebody is talking about Telenet

71% of customers who contacted Telenet via e-mail (or by post) were served within two days, which represents almost a fifth more than in 2011. 93% received a reply within four days.

Accessibility via social media

Telenet also supports customers via social media (Twitter, Facebook, the Telenet blog, forums, etc.). We consider social media an important tool to offer customer service and collect feedback about our products and services. Social media give customers the opportunity to describe products and services, help other customers and launch new ideas. This year Telenet was mentioned 253,600 times. Every 2 minutes someone somewhere was twittering, blogging, etc. about Telenet. The KING & KONG launch was the hottest topic of the year with a live streamed press conference at the end of July.

It was announced at the beginning of 2013 that Telenet could rightly refer to itself as the best web-care company on TalkToo.be for a period of one year. TalkToo.be aims to bring customers and businesses

We consider social media as an important way to gather feedback on our products and services.

closer together in a straightforward manner. This specialist website receives quite a number of messages about Telenet each month. They include problems, compliments, suggestions and queries. Telenet provided a fitting solution for about 86% of the messages in 2012. It is this combination of lots of posted experiences, swift reaction and positive customer feedback that resulted in Telenet receiving the award for best webcare company.

Freedom of speech

Priority

Customers often broadcast their views about Telenet via social media. Where possible Telenet tries to use these channels to enter into a dialogue. We feel it is important to have an insight into our customers' perceptions to enable us to optimise our products and services in line with their requirements.

"Sociale media is an important tool to offer customer service and collect feedback about our products and services.**"**
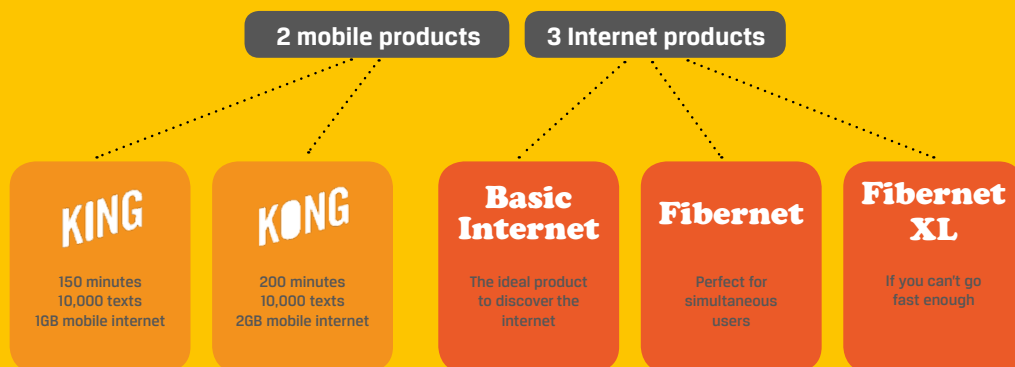
That's quite clear!

"Our corporate blog, facebook or twitter provide more details of what is going on at Telenet."

Transparency in communication

Professional and transparent communication guarantees customer loyalty. Our product range and support services such as invoicing, website and contract duration must remain straightforward and transparent at all times. We also like to keep our customers up to date with what is going on at Telenet via newsletters and our blog, to maximise their involvement.

Easy products, fast choices

2 mobile products

3 Internet products

KING
150 minutes
10,000 texts
1GB mobile internet

KONG
200 minutes
10,000 texts
2GB mobile internet

Basic Internet
The ideal product to discover the internet

Fibernet
Perfect for simultaneous users

Fibernet XL
If you can't go fast enough

We want to create an uncomplicated product range for our customers.

We try to communicate one-off costs as clearly as possible and whereas possible, to eliminate them.

Straightforward product line-up

Telenet has completely reviewed its product range over the past two years. Changes were made, in particular with respect to internet and mobile telephony, to create an uncomplicated product range.

With reference to the internet, customers can choose between three products, i.e. Basic Internet, Fibernet and Fibernet XL. A limited range of only three products makes it easier for the customer to compare the various products and quickly make an informed choice.

The most fundamental adjustment to our product range is in the area of mobile telephony. By introducing KING & KONG Telenet wanted to do away with the jungle of tariffs, which consumers found overly complicated. These two simple tariff plans now allow consumers to see at a glance what they get for their money. The simulator on the Telenet website, which enables customers to calculate how much they can benefit using a previous invoice, was hugely successful.

59,152	**19,977**	**266**	**7,273**
TV	Telephone	Mobile	Internet

Unambiguous pricing policy

Our aim is not only to simplify our product range, but also to be transparent when showing prices and other costs on our website, during promotions or in adverts. Telenet also tries to communicate one-off costs, e.g. activation or installation costs, as clearly as possible and, where feasible, eliminate them altogether.

As from 2012 Telenet customers only pay a one-off activation charge to connect their first digital product to the Telenet network. Customers who subsequently order another digital product, or move house, do not incur any further charges. Installation costs are only charged when an installer actually needs to visit the site. Hardware modifications, e.g. the installation or adjustment of a decoder or modem, can always be done using the self-install feature. Although most customers prefer to call upon the services of a technician, we have noted that the self-install figures for all products have increased since last year..

Customers who want to change their subscription, to a higher or lower price category, do not incur additional charges. Customers wanting to change their hardware for the latest type without adjusting their subscription, will be charged an exchange fee. For loyal customers Telenet will, in some cases, balance these charges against customer loyalty. The website clearly displays all potential one-off costs.

Telenet also applies a social tariff to all its products. By the end of 2012 a total of 21.673 customers were able to use a social tariff on one or more products. In fact Telenet is the only operator to apply a social tariff to its internet product. Being an internet operator, we want to make every effort to close the digital divide where possible. In the 21st century the internet should be available to everyone.

Transparent pricing policy

Priority

Telenet has undertaken various transparency related initiatives in recent years. Adjustments range from the simplification of our product range to improved invoicing, the elimination of one-off costs, scrapping of contract duration and more proactive communication. Professional and transparent communications make sure that customers have a better understanding of specific situations. Our aim is to promote customer loyalty on the basis of a policy of transparency.

"Stay in touch via our blog!"

KING & KONG

Vanaf 1 okt is overstappen belachelijk gemakkelijk.

Transparent invoicing

Transparent invoicing, clearly showing all necessary details, contributes to the company's reliability score. Telenet aims to make both the invoice itself and the way in which the customer can consult it as easy as possible. Customers opting for electronic invoices automatically receive an e-mail when a new bill is posted in "My Telenet". Invoices are stored for up to 14 months.

In order to facilitate the switch from paper to electronic invoicing in the future, Telenet joined the "Doccle" cooperative in July, together with the HR services group Acerta and the Christian Mutuality. In the long term Doccle will enable users to store and manage various documents at a central location via a new digital platform. The intention is that, in the long term, other parties will also participate in this initiative, giving customers access to all their bills in a single central online "archive".

No notification period

The new telecom legislation took effect on 1 October 2012. The main stipulation of this act states that the contract duration for all telecom services must not exceed six months.

Since October 2012 it has also become easier to terminate services. Customers can now cancel their subscription via various channels, i.e. by post, telephone, via online contact forms or the specific cancellation form on the Telenet website. Customers were sent extensive information about all these cancellation methods.

Customers are free

Telenet is taking this even further and scrapping all subscription notification periods. Telenet customers can now cancel their shake or subscription to internet, landline, mobile phone or television services at any time without having to pay cancellation fees. The only exceptions are paying broadcasting packages such as PRIME, Sporting Telenet and TV Plus, which are still subject to a legal contract period of 6 months. Customers who have taken out a mobile phone subscription with handset, only have to pay the residual value of the handset if they cancel their subscription.

'The future of TV' study tour vanuit Azië 来自亚洲

6/3 2012

Samsung, de echte gigant op zoek naar convergentie

door Benny Salaets

Samsung, onze volgende stop, is een megabedrijf. Het imposante hoofdkantoor heeft een eigen shopping en entertainment center met tientallen winkeltjes, een saunacomplex en een rijk scala aan restaurants. Geen klein bier, want daarnaast zijn er nog vele andere vestigingen in allerlei industrieën. Echt typisch Koreaans overigens, die grote groepen die in vele diverse sectoren actief zijn.

We werden ontvangen door Greg Hold, de

› Telenet news
› Internet
› Televisie
› Mobiel
› Duurzaamheid
› Telenet for Business
› Gastblogs
  › Onze stagiaire blogt

The guest blogs provide a better insight at Telenet.

Proactive customer communications

Customers like to be told in advance when Telenet implements changes to its products or services. In the event of changes that might have a major impact, customers are sent an information e-mail or receive the necessary information included in their bill. Telenet sent out a total of more than 50 of these informative mailings in 2012. Telenet is currently working on an improved monitoring system via the "warpnet" project, which involves the installation of new software to instantly monitor the impact of a product update. Customers who encounter a problem will be contacted immediately. In order to optimise this monitoring process we are currently being proactive in checking and repairing various customer installations and sections of the network. The new monitoring system should be operational from the end of 2013.

Loyal customers who have been using a specific Telenet product for many years, also expect their operator to inform them when their product is no longer the most competitive available and advise them to migrate to a newer generation. After all, that represents optimum transparency. Telenet is, therefore, proactive in calling customers if it is in their interest, or complements their product use better, to

switch to another product formula. In some cases customers are automatically switched to the latest products. The new KING & KONG mobile tariff plans were a typical example of this approach.

Senior citizens represent a specific target audience. They often find it quite difficult to adapt to the digital age and need (written) information about their new product. When a number of analogue channels were switched off in the spring of 2012, Telenet made every effort to support this target group with advice and practical assistance if they wanted to switch to digital television. A dedicated TV team attended various markets and summer events to provide information. Customers could also request a home visit from a member of the TV team, who would provide further information about digital television.

Customers can also subscribe to various commercial newsletters to keep up to date with the Telenet product range. The Telenet blog provides a look behind the scenes at Telenet. Major press conferences are streamed live and available for viewing afterwards. The guest blogs, which were introduced this year, provide a better insight into, for example, how Telenet buys films and series for PRIME, or demonstrate how the company explores new developments in the television market via field trips.

Safety First

66 Telenet is actively involved in safer internet for children. 99

Privacy & security

The internet has expanded tremendously in recent years. Its further development also depends upon the extent to which consumers, businesses and authorities are prepared to share sensitive information and services via the network. Governments and companies such as Telenet are consequently facing a major challenge. They must ensure that the level of consumer confidence is sufficient to operate and maintain this new value system.

From 2013 Telenet will bestow "The Yellow Thumb" award for exceptional initiatives that make a difference in the safety and accessibility of internet use.

De gele duim
van Telenet

Information Security Roadmap

All Telenet employees, both permanent and temporary staff, are briefed about the confidentiality of certain information during a mandatory induction day. Every employee is personally responsible for the security of his data and must know how to handle confidential information correctly. Both the importance of Belgian and European legislation and guidelines pertaining to the collation and processing of privacy sensitive information and the rules concerning competition law were highlighted again during the past year. Further information, templates and training material on the subject of security are available on the intranet.

The value of our digital identity

Our main shareholder, Liberty Global, sponsored a study entitled 'The Value of Our Digital Identity' (November 2012) by the Boston Consulting Group, in which 3,000 European consumers were questioned about their views. For the first time the report calculated the current and potential economic value of a person's 'digital identity', i.e. the sum total of someone's digitally available information, ranging from the stuff people reveal about themselves in social media to data derived from online transactions and other sources.

The study demonstrates that consumers are prepared to share their personal data if they can be sure that this data is protected and that they can derive sufficient benefit from doing so. Governments and companies such as Telenet are consequently facing a major challenge. They must ensure that the level of consumer confidence is sufficient to operate and maintain this new value system. After all, digital data is a source of economic growth and innovation that could give a boost to the European economy.

Your personal data is secure

Being a utility company, Telenet has access to its customers' confidential information, which it manages with the utmost care and attention. The Information Security Roadmap outlines the priority projects that support the general security objectives. Providing this Roadmap is applied correctly, any potential risks and/or threats associated with the wrongful or improper use of information and/or data should be managed in a responsible manner. The roadmap is reviewed annually in line with the strategic recommendations submitted by the Security Steering Committee, in which relevant departments of the organization are represented. These activities are based on the "plan-do-check-act" principle stipulated in the ISO27001 security standard, which we employ to develop our Information Security Management System (ISMS). Furthermore, our security policies, requirements and management standards are fully compliant with the ISO27002 standard. The main points of the roadmap are detailed below.

In 2012 specific individuals throughout the organisation were assigned security responsibilities and given the necessary training. They help the Information Security department devise appropriate security requirements for specific applications

in order to maintain the right level of security, not too heavy not too light. Since last year each new project must be preceded by a formal "security and privacy risk assessment". To maintain consistency risks are initially assessed by those responsible via a standard questionnaire and then validated by the Information Security department. Appropriate safety requirements are defined on the basis of risk assessments.

Finally, each year we also organise a comprehensive information session on bribery and corruption. Participation is mandatory for approximately 200 executives. Telenet considers it important that those responsible within the organisation should be au fait with relevant stipulations pertaining to private and public bribery, particularly in view of the serious consequences associated with violations thereof.

These training and awareness campaigns are complemented by the necessary hardware protection. Since the beginning of 2012, all new laptops and field terminals have been equipped as standard with hard disk encryption software. The software automatically encrypts the entire contents of the hard disk to prevent data from being lost or stolen in the event of loss of theft of the equipment. Moreover, applications and systems are equipped with the necessary security measures to prevent external parties from gaining access to confidential information such as customer data.

Your products are safe

Security is a continual process in the telecoms industry. Each new technology brings with it a risk of security breaches. Telenet continually focuses on this issue by keeping its products' software and hardware up to date at all times Although some of these updates are visible to the customer, others are frequently implemented behind the scenes.

Telenet also incorporates security settings that customers can manage themselves. For instance, the decoder has an in-built safety mechanism to ensure that some content on the digital TV platform can only be viewed or ordered via a password. The mailbox is also equipped as standard with a spam filter to keep out undesirable messages. Having

Privacy and security

Telenet attaches great importance to privacy and security, both within the company and at the customer's home. We provide training and information sessions to ensure that personal data the company has access to are secure at all times. Our products and services also incorporate the necessary safety features, particularly with respect to children.

Priority

said that, spammers are becoming more and more inventive when trying to access personal data. In order to make their e-mails look more authentic they often use standard text and logos from well known companies. Telenet regularly alerts both its customers and its workforce to the dangers associated with these types of e-mails.

The Telenet Security Pack enables customers to install an advanced firewall to protect their computer from viruses and spyware. It is also possible to block certain sites on an individual user basis and to define how long children should be allowed to surf every day.

Some content on the Digital TV Platform can only be viewed via a password.

Telenet closely monitors whether its products and services are child friendly and equipped with the necessary safety features

Telenet signes the Child Focus "E-Safety Charter".

Children can also surf safely

Specific measures are necessary to increase the protection of children and young people in particular. The above mentioned features in the Telenet Security Pack are a step in the right direction. Together with all its Belgian partners in the industry, Telenet also signed the Child Focus "E-Safety Charter", which aims to promote greater awareness and introduce more control options to increase internet safety.

In December 2012 Telenet also participated, via the Telenet Foundation, in a forum resulting from the introduction of the guidelines pertaining to 'Children's Rights and Business Principles'. These corporate guidelines were formulated by UNICEF, UN Global Compact and Save the Children. The objective is to give the corporate world an insight into measures relating to working conditions, the market and the community they could implement taking into account children's rights. Telenet supports and actively pursues these guidelines.. Our products and services are geared to the 10 guidelines pertaining to Children's Rights and Business Principles.

Telenet also works closely with the Belgian government and Federal Computer Crime Unit (directly or indirectly via ISPA Belgium, the Internet Service Providers Association) to develop and implement measures to oppose websites with harmful content. Telenet has blocked several websites with illegal or child pornography related content in the past and is a prominent member of ISPA. We observe their code of behaviour, which includes, amongst other things, features to facilitate cooperation with Child Focus in order to prevent and to fight child abuse via chat applications and websites.

Together with scientists, civil servants and other telecoms/IT operators, Telenet is also a member of the guidance committee for the BESIC III project – Belgian Safer Internet Centre. The centre, which is supervised by Child Focus, combines three relevant tenets, i.e. emergency number, support line and awareness promoting channel. The guidance committee supports the centre with advice, for example, on the development of a parental tool to combat cyber bullying.

Telenet continually monitors EU campaigns for a safer internet and actively participates in the annual Safer Internet campaign. With support from the main shareholder LGI, Telenet is a Gold Partner of Safer Internet Day. Two practice-based booklets were released to mark this day. 'Spelend leren: Online zijn', for example, is aimed at 4 to 8 year olds, and
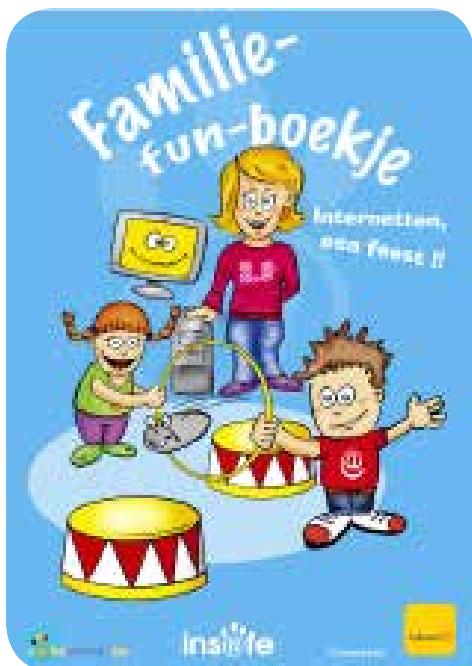
Telenet actively participates in the annual safer internet campaign. Parents can download two booklets at our website.

'e-Safety Kit' at 6 to 12 year olds. These brochures, which are distributed via schools, teach children in a playful manner about safety on the internet. In 2013 European Schoolnet, together with LGI, introduced an educational film entitled "Your children's digital world". This interactive video provides tips for parents on how children can surf the internet safely. At the end of the film clip there is an opportunity to download PDFs concerning privacy, online gaming, online friends etc.

On the occasion of Safer Internet Day 2012 Telenet asked three primary school teachers to prepare a lesson on the subject of safe internet use. The lesson was part of a broader ICT in schools approach. Other teachers can download this package from the website 'dedigitaleboekentas.weebly.com'. The site also provides ready made instructions on how to introduce computers, smartphones and tablets into lessons. The digital schoolbag project run by these "digi teachers" received the very first Telenet 'Yellow Thumb' award. From now on this prize will be awarded annually to exceptional initiatives that aim to make a difference in promoting safe, responsible and accessible computer and internet use.

Protecting children

Telenet closely monitors whether its products and services are child friendly and equipped with the necessary safety features. Telenet actively promotes safe internet use for children via various partnerships and participation in forums.
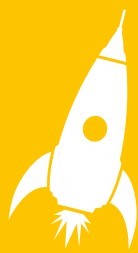
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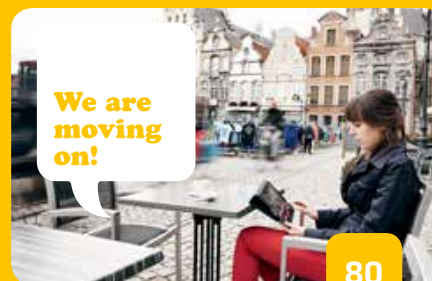
"At Telenet, we are working on the future every day. We always want to surprise our customers with innovative products. Their experience is key."
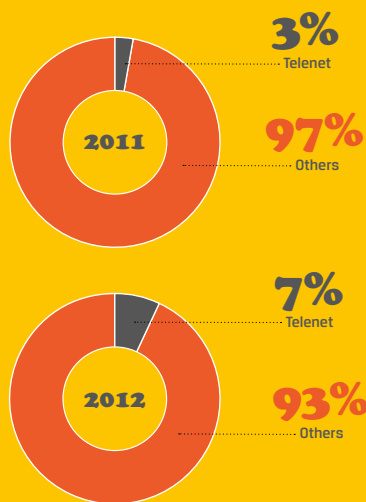
Time to talk

"2012 will be remembered as the year when mobility became an important part of our long term strategy."
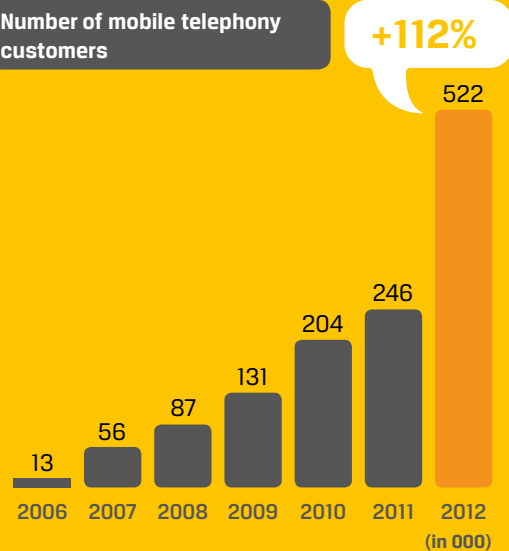
Telephony

Our new positioning in the market of mobile telephony and the launch of our simple and transparent mobile tariff plans KING & KONG brought a new dynamic in the market.

Market share in sim cards: lot of potential

2011

3%
Telenet

97%
Others

2012

7%
Telenet

93%
Others

Number of mobile telephony customers

+112%

522

246

204

131

87

56

13

2006   2007   2008   2009   2010   2011   2012

(in 000)

Number of fixed telephony customers

+10%

2005	2006	2007	2008	2009	2010	2011	2012
364	455	548	629	741	815	880	969
14.6%	18.0%	20.0%	22.7%	26.5%	28.9%	30.9%	33.8%

As % of homes passed
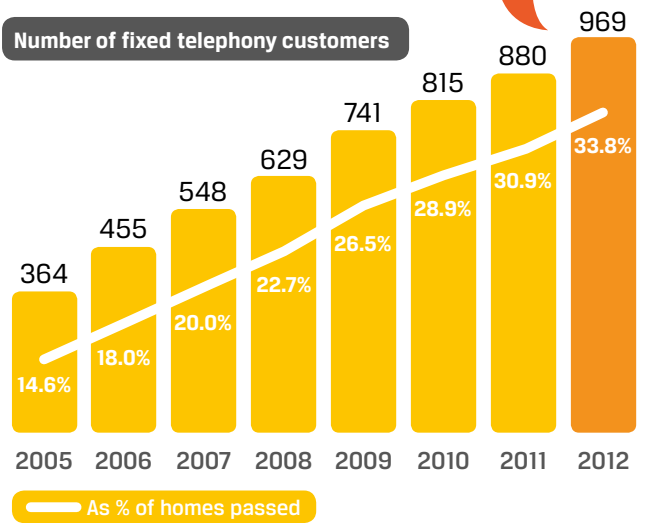
MARKET TRENDS

Nowadays 3G networks have turned telephony into a much broader concept than mere call minutes. With a smartphone consumers have access to the internet, e-mail and various useful applications for radio and television streaming, GPS or video calls. Apps such as Skype, whatsApp and Viber also offer an alternative to texting and call minutes. The increase in this type of over the top (OTT) applications has a twofold impact on operators worldwide.

Because data use is rising exponentially they need to continually up their investment in order to prevent network congestion. The next generation of mobile networks, 4G or LTE, should accommodate this demand for more network capacity.

The second trend requires operators to adjust their mobile tariff plans in order to compete with new, often free, applications. Nowadays consumers can often make/send unlimited calls and texts at a fixed price and most mobile subscriptions now also include mobile internet as standard.

What about fixed telephony?

A report commissioned by the OECD predicts that many operators will no longer provide fixed telephony services as a stand alone product, but will include them in a broader package with mobile telephony services. By combining them operators hope that mobile telephony will increasingly be considered a 'family product' similar to calling via a landline. This should promote quadruple play services as consumers would be more inclined to order their mobile subscription from the operator who provides their television, internet and landline services.

MEANWHILE, @TELENET

Telenet noticed a marked increase in its fixed telephone products in 2012. This was mainly the result of the attractive unlimited tariff plans and successful multiple play strategy. Since the end of 2011 landline customers at Telenet are entitled to 1,000 free call minutes to mobile numbers in Belgium during off-peak hours. Moreover, not only can they call landlines in Belgium free of charge during off-peak hours, they are also entitled to 2,000 minutes to all other European countries, including Morocco and Turkey.

"There is still plenty of growth potential for mobile telephony."

Being a virtual mobile operator gives Telenet the opportunity to develop its mobile telephony services successfully, without having to roll out and maintain its own network.

In 2006 Telenet was able to offer mobile telephony as a virtual operator by entering into a light MVNO agreement with Mobistar. Four years later the agreement was converted into a full MVNO and in May 2012 the partnership was extended for a further five years. Being a virtual mobile operator gives Telenet the opportunity to develop its mobile telephony services successfully, without having to roll out and maintain its own network. The above mentioned effect on the network from the ever increasing use of mobile data will consequently have little impact on Telenet's investments. Mobistar has announced that it will start developing its 4G network at the beginning of 2013, when it will also become available to Telenet customers.

In May 2011, Telenet and the Walloon cable operator Tecteo both made a bid for the fourth 3G licence. With this mobile spectrum, we want to further expand our mobile telephony operations and unlock the potential in the Belgian mobile data market. With the sharp increase in mobile data traffic, the realized growth and the projected evolution of our customers in mind, Telenet wants to strengthen its future in mobile. The coming months Telenet will activate its mobile license. Where possible we will use the existing mobile infrastructure, in order to develop the mobile network economically and ecologically.

KING & KONG

At the end of July 2012 Telenet launched it new KING & KONG mobile tariffs. These simple, transparent and cheap subscriptions give customers the flexibility to use data, call minutes and texts as they see fit. Telenet not only offers outstanding national tariffs, it also offers one of the cheapest roaming tariffs. By giving customers with a fixed landline, internet or television subscription a monthly discount on KING or KONG, Telenet is promoting the quadruple play service package, in which all four telecom products are bought from a single operator. By signing up to these innovative tariff plans 85% of Telenet customers managed to reduce their mobile bills. This offer, which is based on in-depth market research, created quite a stir in the market. When consumers migrated to Telenet en masse, other operators were forced to adjust their tariffs too. The independent consumer magazine 'Test Aankoop' (similar to 'Which' Magazine) recommended our new mobile products on its website.

One of the greatest merits of KING & KONG was the fact that they made mobile internet more accessible.

according to a European Commission report, only 1 in 5 belgians was actively using mobile internet in the beginning of 2012. This figure is well below the European average of 43%. In addition to the limited use of smartphones, this inertia was a factor in the explanation of the low mobile broadband penetration in Belgium.
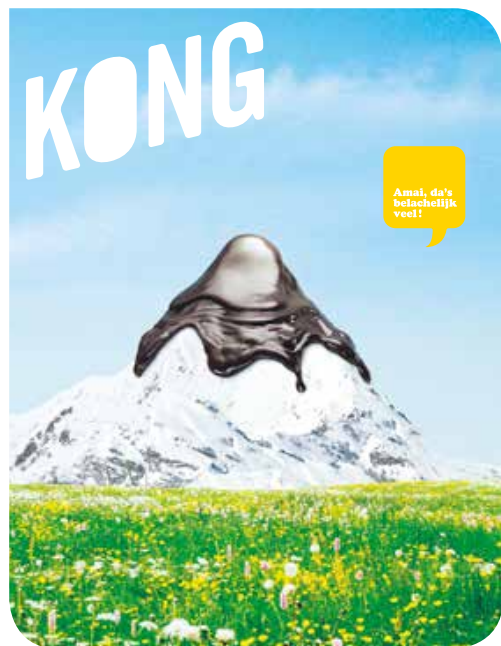
By signing up to these innovative tariff plans 85% of Telenet customers managed to reduce their mobile bills.

In November we noted that 46% of Telenet customers actively use mobile internet services. This means that mobile internet use by Telenet customers has increased by 10% since the introduction of KING & KONG. Furthermore, barely three months after the launch of these new products we managed to double the number of megabytes included in both packages.

Impressive figures

Telenet currently has the highest sales figures, for mobile subscriptions, as an individual product in its history. Sales are driven by, amongst other things, the Telenet shops. The number of mobile customers has increased by 112% to a total of 521,600 in a single year. In addition to the success of KING & KONG, these figures are also the result of the subsidised formula, which provides smartphones at a favourable tariff, and the introduction of the new telecoms act, which limits contract periods to six months.

There is still plenty of growth potential for mobile telephony, also because of the anticipated further increase in the number of smartphones and tablets that consume ever greater quantities of data. The fact that we can incorporate our mobile products into our existing customer database provides even further potential. At the end of 2012 only 11% of our 2.2 million customers had taken out a Telenet mobile subscription. Finally, we have the opportunity to allow more customers to migrate from "usage based cost" to our KING & KONG tariff plans.

+112%
mobile customers in one year

Out of the box

"Consumers want to view what they want, where and when they choose to. Telenet makes this possible with Yelo TV."

Television

Not only the telephony market but also the audiovisual landscape has changed dramatically in recent years as a result of the unstoppable march of mobile internet and new carriers such as tablets and smartphones. Traditional (linear) viewing on a TV set is being replaced by new types of TV use such as over-the-top, second screen, delayed viewing, video on demand, etc.
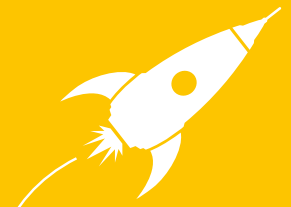
Multi-screen ownership of Flemish households

3 screens — **88%**
TV, mobile phone and at least 1 desktop/laptop

4 screens — **49%**
TV, desktop, laptop and mobile phone

4 screens — **9%**
TV, desktop, laptop, mobile phone and tablet

source: www.digimeter.be

MARKET TRENDS

Smart TVs and OTT

Internet television in particular is a trend which is being carefully monitored throughout the sector. In 2011 approximately 25% of TV sets sold world-wide could connect to the internet. The number of these smart TVs is expected to rise to 80% by 2015. According to the consumer magazine 'Test Aankoop' only 1 in 5 Belgians with a smart TV are currently using this internet feature on their set. Belgium is not alone in this respect. Throughout Western Europe only a limited number of consumers with a smart TV are effectively using OTT television. This is expected to change, however, as soon as more content becomes available and easily accessible. The next generation of television services will combine linear television, VOD and internet services. Operators worldwide have adopted various content strategies following the advance of OTT television, ranging from simple "network tubing" to the supply of exclusive broadcasting packages to which they hold the rights or even own outright.

Multi-screen

Regardless of the strategy operators select, accessing content on a single screen is no longer enough. OTT suppliers such as YouTube, Hulu or Netflix are pushing traditional telecom operators towards a "TV everywhere" model. Eventually programmes and recordings should be accessible at a location and on a screen of choice. At a local level the market is also on the move. In August 2012 the Vlaamse Openbare Omroep (Flemish Public Broadcasting Company) revealed its plans for a catch-up TV pilot involving the main Flemish broadcasters. At the end of December Weepee TV was the first Flemish internet television distributor to launch its package.

However, there are still many obstacles to be overcome relating to multi-screen, copyrights, geographic and network limitations and equipment compatibility. The ability to share content between devices is currently still very limited. Having said that, the industry is pulling out all the stops to develop new models that facilitate access to content on any chosen device at any time.
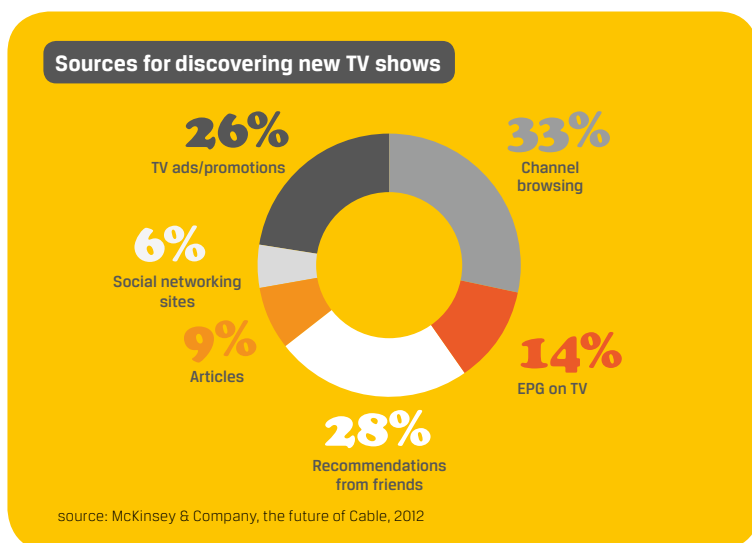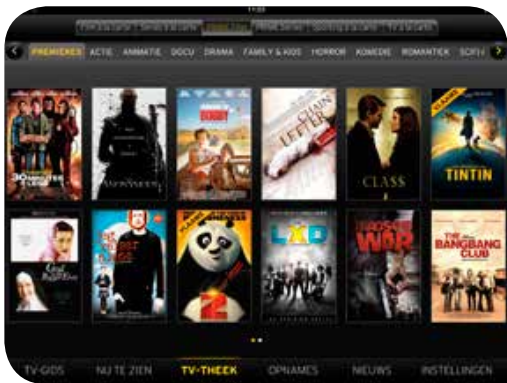
Seek and ye shall find - online

In addition to the change in the way in which consumers watch television, there is also a change in the way in which they look for new programmes or series. Today's consumers no longer select programmes from a TV magazine but from an electronic programme guide and tomorrow's consumers will look for recommendations via Google or Facebook. Moreover, during viewing specific peripheral activities, frequently run via social media, are becoming more and more important, resulting in extensive experimentation with TV twittering, recommendations, polls, etc.

Decoder

The main purpose of a decoder is to present all this content in a manageable format on the different devices used by the consumer to watch television. It also has to demonstrate its additional value with respect to the influx of alternatives such as games consoles, smart TVs, blue ray players and applications such as Boxee. The device will not only be equipped with an electronic programme guide and video catalogue. Extra features such as a user friendly interface, tailor made search and suggestion functions, popular apps, games, a handy remote control, HD image quality, 3D functions, storage capacity and cloud access will turn the decoder into the central hub of choice to open up home entertainment facilities.

Sources for discovering new TV shows

26% TV ads/promotions

33% Channel browsing

6% Social networking sites

9% Articles

14% EPG on TV

28% Recommendations from friends

source: McKinsey & Company, the future of Cable, 2012

yelo^{TV}

MEANWHILE, @TELENET

Telenet is heavily involved in the development of the many technological options on its digital television platform, including the optimisation of a user friendly second screen model. The focus is also on the provision of premium content via its own broadcasting packages. Against the background of this strategy Telenet believes OTT to be an opportunity for broadband penetration and future cable growth, rather than a threat to its television services. After all, cable is the prime technology for video transmission.

Priority

Innovation

Telenet wants to continue playing a key role in a digital world, which is developing ever more rapidly. By closely monitoring international technological and consumer trends we are able to continually develop new products and services in line with consumer expectations. Since its inception Telenet has played a pioneering role on many occasions. In 2005 we were one of the first cable operators to launch interactive digital television and five years later we were the first operator in Belgium to introduce TV on tablets and smartphones. The introduction of Yelo TV in 2013 represents a new crucial stage in the further development of our digital TV platform, which is set to become a true "media gateway".

Yelo TV

In 2010 Telenet was the first operator in Belgium to launch an application enabling television viewing on a device of choice, i.e. laptop, tablet or smartphone, and thus clearly put its stamp on innovation in television viewing. This platform has been enhanced and expanded in recent years. The Android version was launched in March 2012 and coincided with the introduction of 14 additional channels. The latest innovation, the inclusion of a twitter bar, enables viewers to watch TV and simultaneously twitter about the programme on their tablet. By the end of 2012 Yelo counted more than 200,000 active users. In January 2013 the application became second in the "national apps" category during the "Site of the Year" awards organised by the professional publication 'Clickx'.
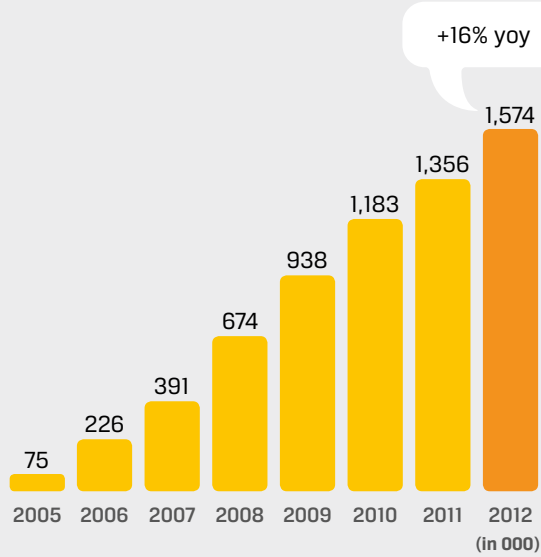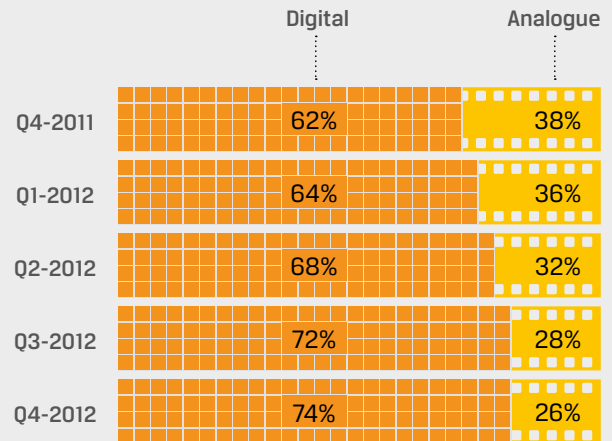
In October Telenet announced its intention to combine its digital television product with the Yelo application. The new product, Yelo TV, offers an entirely new television viewing experience. Yelo TV makes it possible to seamlessly transmit the television viewing experience to a device of choice. Content is exchangeable between all the screens in a household and viewers can watch live TV or recorded programmes on their tablet, computer or smartphone. By the same token, photographs and videos on a laptop or smartphone can easily be viewed on a central TV set. Moreover, recordings can be programmed and deleted from a remote location. Yelo TV will have an innovative, attractive interface, which will be incorporated in every type of carrier.

Number of ditigal television subscribers

+16% yoy

Year	Subscribers
2005	75
2006	226
2007	391
2008	674
2009	938
2010	1,183
2011	1,356
2012	1,574

(in 000)

Digitization degree

	Digital	Analogue
Q4-2011	62%	38%
Q1-2012	64%	36%
Q2-2012	68%	32%
Q3-2012	72%	28%
Q4-2012	74%	26%

Decoder

Yelo TV can be used with most existing Telenet set-top boxes, which means that the majority of our customers will have immediate access to the new features. Telenet continually evaluates potential opportunities to bring interactive digital television to its customers in the most cost effective way, whilst at the same time respecting the rights of programme providers. So far set-top boxes have proven to be the best method to convey services uniformly and in the most cost effective way to customers.

Telenet also focuses on its decoder's user friend-liness, design and energy consumption. The hard disk's recording features and storage capacity are best in class, compared to devices from other Belgian suppliers. Viewers also receive personal suggestions concerning films and programmes. In April the menus on the Digibox and Digicorder were given a make-over. The new HD resolution design provides better image quality and legibility. The addition of recording folders also makes the new menu more user friendly. Recordings of the same series are no longer classified in chronological order between other programmes, but in a folder of their own. Finally, customers have also benefited from an improved zap bar and quick reference guide.

Teletenne

Telenet also wants to support customers in areas where connection to the cable network is difficult or impossible and consequently on 2 July launched a new television product, known as Teletenne. Providing they have an antenna and special decoder, customers in Flanders and Brussels are able to watch television via the Norkring TV masts. Teletenne is ideal for use on campsites, in lofts or garden sheds. The new product can also offer a solution in student accommodation or households outside the cable area. Customers receive 13 channels, including Eén, Canvas, Ketnet/Op12, Vijf TV, VT4 en Acht, in digital image and sound quality. The electronic programme guide (EPG) provides programme details two days ahead.

Yelo TV can be used with most existing Telenet set-top-boxes

Basic and premium content

In addition to developing multi-screen options on its digital television platform, Telenet also focuses on premium content. By providing optional paid for packages in addition to the extensive basic range on offer, we manage to cater for specific interests and offer programmes that can sometimes be difficult to find elsewhere. The best known packages include PRIME for series and films and Sporting Telenet for sports and football coverage. Both are also available via the Yelo-app. Premium content is broadcast in linear fashion on a number of specific channels. However, subscribers also have access to the catalogue of films and series or broadcasts from previous match days in the TV video library, via PRIME and Sporting à la Carte.

Customers can also choose from four other packages focused on children, entertainment, lifestyle or sport & adult and compile a tailor made package without having to search online for programmes that match their interests.

The premium content is in addition to the basic package that consists of more than 75 TV channels and 36 radio and music channels. Where possible Telenet also offers its customers HD channels. Using their HD decoder customers can now view a total of 12 channels in HD, including the main commercial and public broadcasting channels. Since last year Telenet also has a new 3D channel, HIGH TV 3D, which is the only international channel to broadcast its programmes entirely in 3D. Whenever possible, Telenet takes into account demographic niche groups in its basic
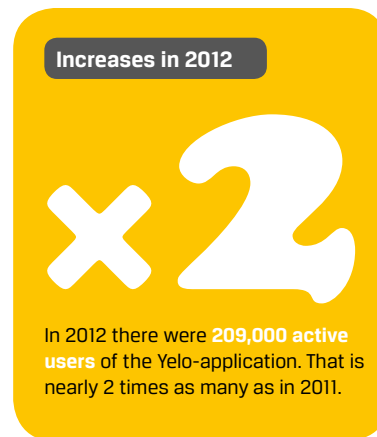
package, which is why channels such as "The Israeli Network" and "Radio Judaica" were added last year.

TV video library

The TV video library provides permanent access to an extensive range of series, films and other programmes. Digital television customers can order any episode or film via Film and Series à la Carte. Series à la Carte, which was introduced in 2012, is extremely user friendly. Finding instalments of a specific series is no problem at all.

Even in 2012 the main attraction of the TV video library was the extensive and varied assortment of films. Local content dominated the top 3 of the most ordered films. Both 'Code 37' and 'Hasta la Vista' were very popular. Blockbusters obviously also do well. Existing deals with Walt Disney and Warner Bros were renewed enabling us to continue guaranteeing this wide-ranging selection in the coming years. The fact that the TV video library also appeals to niche viewers is demonstrated by the launch of the 'Docu à la carte' section in April specifically for lovers of documentaries. Exclusive cooperation with DOCVILLE, the international documentary film festival, provides us with a selection of films that are difficult to obtain elsewhere.

VIER and Telenet launched an interesting novelty during the advertising breaks for the popular programme 'De Slimste Mens ter Wereld' (The Smartest Person in the World). Using the free application for smartphones and tablets entitled 'De Snelste Quiz ter Wereld' (The Fastest Quiz in the World), viewers were able to test their knowledge and speed against the rest of the Flemish population by participating in a short quiz during the ad breaks.

PRIME

'TV-theek Première' (TV Library Premiere) was kick-started in the summer of 2012 to provide Telenet customers with even more up to date information about new films and series in the TV video library. Two young presenters highlight new additions to the TV video library in this entertaining weekly programme. Telenet also provides customers with more information about their favourite content via a fortnightly newsletter and social media.

PRIME: the best series and films

PRIME subscribers have access to seven channels that continually screen films and series as well as free access to an extensive collection in PRIME à la Carte, which is part of the TV video library. PRIME makes it possible to watch a new episode of a variety of TV series every night of the year. 630 films and approximately 400 episodes of different series were premiered on PRIME in 2012.

The premium content for PRIME is obtained via different contracts with major media companies, including Universal Studios, MGM, Twentieth Century Fox, Paramount, Sony, Disney and Warner Brothers. At the end of October Telenet signed an exclusive three year deal with HBO. PRIME viewers can rest assured that they will be the first to be able to view all new HBO releases in Belgium on their television sets.

Telenet considers it important that it should not only screen major American blockbusters and popular series but also films produced in this country. To this end PRIME also acquires broadcasting rights to new Flemish films or series. In April PRIME viewers thus became the first to be able to watch 'Quiz me Quick', the popular series devised by Bart de Pauw. In addition to films and series PRIME also offers extra features such as programmes that cannot be seen on any other Flemish channel, including full screenings of awards shows such as the Oscars, Golden Globes, Screen Actors Guild Awards and Spirit Awards.

Telenet provides customers with more information about their favourite content via a fortnightly newsletter and social media.

Sporting Telenet

Telenet is also the right choice for sports fans. The acquisition of the so-called Lot 3 meant that, from the 2012-2013 season, football fans could rely on Sporting Telenet for all Jupiler Pro League matches. In addition to Belgian football footage the international football portfolio was also updated when Russian, Brazilian and American competitions were added to the existing range of English, German, French, Italian and Dutch matches. Moreover, our package was extended even further with the acquisition of the rights to Spanish, Italian, French and German league cup matches to complement the existing English and Dutch ones. The introduction of the European League compensated for the loss of the Champions League. In January 2013 Telenet renewed its contract with the English Barclays Premier League for three years to cover the 2013/14 – 2015/16 seasons. By creating its own background programmes presented by carefully selected experts Sporting Telenet is offering specific added value compared to other channels.

Back-up websites

These premium channels are backed up by two impressive websites and corresponding social media activities. Using initiatives such as these Telenet aims to offer its viewers a comprehensive product that ensures that they do not have to consult other sites to find peripheral information such as match summaries or trailers.

The news section on the PRIME site offers film buffs reviews, hot off the press films news and other factual information. The site also has trailers of all films and series currently being screened on the channel and obviously includes a tab with access to the entire PRIME programme.

The Sporting Telenet website consists of 4 main sections, i.e. a TV guide, news section, video zone and match centre, where all competition matches being screened can be followed live via a ticker. A brand new Sporting Telenet YouTube channel, which was launched in the wake of the new website, gives fans access to summaries of various competitions, Sporting News reports and other highlights. Sporting Telenet's social media continue to grow as demonstrated by the fact that in August the 35,000th Facebook fan reported in and the Twitter account now has more than 6,500 followers.

Increases in 2012

+10%

End of December 2012 approximately **195,400 customers** subscribed to our paying sports channels, representing an increase of 10% compared to 2011.
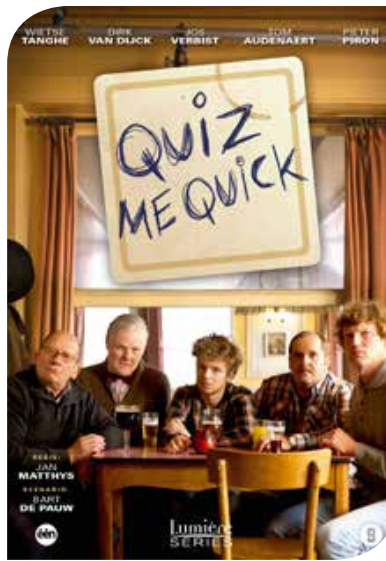
Developing a model for Flanders

Together with local broadcasters, Telenet has developed an extensive on demand catalogue in its TV video library - using features such as 'Net/Ooit Gemist' (Just/Previously Missed), Iwatch and C-More - which covers most of the previously screened content and previews of local series. In 2012 viewers mainly ordered Flemish content, including fictional series such as Zone Stad (City Zone), Clan and Quiz me Quick.

Telenet also cooperates with Flemish players (authors, producers, broadcasters and distributors) in order to lay down a stable long term vision with respect to audiovisual policy. Recent discussions between the various players highlighted that a joint solution needs to be developed to oppose the threat represented by foreign initiatives and new (inter-national) operators in the audiovisual landscape. Forward-looking government policies, supplemented by private sector resources and a focus on interna-tional marketing and distribution should safeguard the position of Flemish content in the new television eco system.

Telenet contributes to the development of Flemish content by collecting copyrights and transferring them in full to both Flemish and foreign broadcasters and rights management companies. Furthermore, since 1 January 2013 Telenet has been supporting Flemish content creation via S.T.A.P., an investment programme to which we will contribute a total of €30 million to Flemish television productions and films over the next 4 years. We hope that this will

give the Flemish television industry a sound financial boost and provide producers and broadcasters with every opportunity to continue producing high quality films, series, animations and first-rate documentaries in the future.

Finally, at the beginning of 2012 Telenet joined the FilmAngel.TV project, an innovative platform that helps young film makers to present their projects (short films, documentaries, TV projects and other video productions) to a wider audience, to find support via social media and to involve their fans in the funding of their projects ("crowd funding"). Telenet will also provide limited financial support for these projects. Furthermore, a Telenet representative is a member of the project jury together with Peter Bouckaert (Managing Director Eyeworks), Michael Roskam (director of, amongst others, 'Rundskop' (Bullhead), Dominique De Ruddere (director of, amongst others, 'Iedereen Beroemd' (Everybody's Famous), Bart Becks and Maurice Engelen (founders of FilmAngel).

Increases in 2012

+11,3%

In 2012 digital television customers ordered in total more than **75 million movies**, series or programs fvia the TV-Theek. compared to 2011 this is an increase of 11.3%.

Fast, faster!

"Our continual investment enables us to give our internet customers the opportunity to surf smoothly and quickly at all times."

Internet

Both mobile data networks and landline internet are being affected by the same trend, i.e. speed is of the essence. There are two reasons for this. On the one hand the number of connected devices per household is rising steadily. Secondly, using these devices consumers are accessing more extensive content and sending ever more data. Video and entertainment services in particular require ever greater bandwidth on both fixed and wireless platforms. Major efforts are consequently being made to expand the connectivity.

Average speed per internet customer
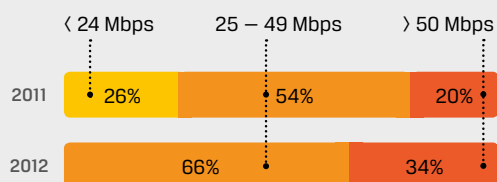
+32% yoy
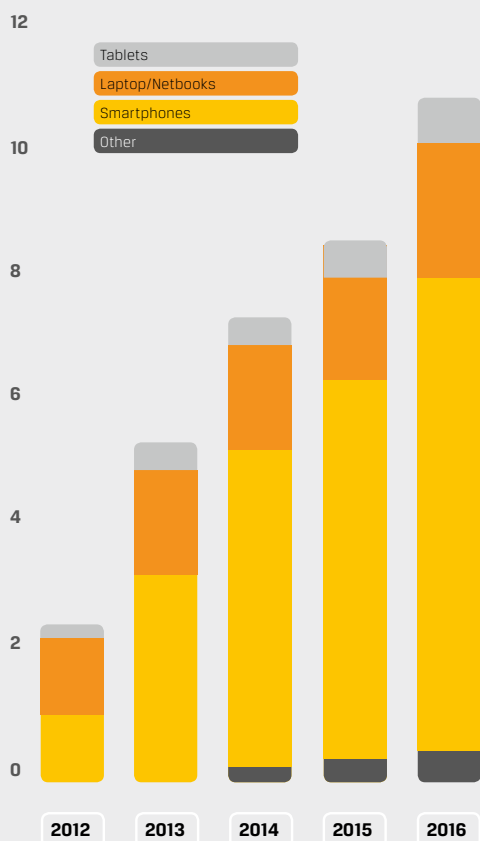
25 Mbps	31 Mbps	41 Mbps
2010	2011	2012

Speed of our internet customers

	‹ 24 Mbps	25 – 49 Mbps	› 50 Mbps
2011	26%	54%	20%
2012		66%	34%

Number of internet customers

+6% yoy

Year	Number	As % of homes passed
2005	75	25.0%
2006	226	28.8%
2007	391	31.8%
2008	674	35.6%
2009	938	39.9%
2010	1.183	43.5%
2011	1.356	45.9%
2012	1.574	48.4%

As % of homes passed

Significant growth in mobile data
Exabytes per month 2011-2016

- Tablets
- Laptop/Netbooks
- Smartphones
- Other

2012 2013 2014 2015 2016

Simplified version, not to scale.
source: Cicso VNI Mobile Forecast, feb 2012
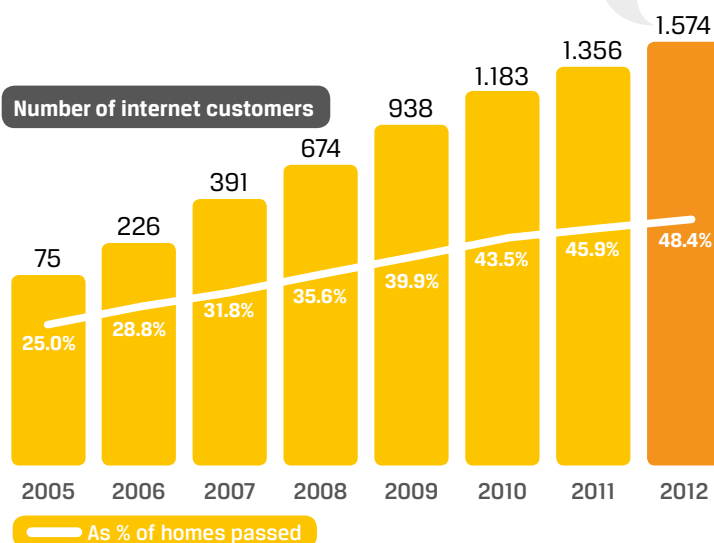
MARKET TRENDS

Demand for faster networking

The Digital Agenda aims to ensure that by 2020 everyone in Europe will be able to surf at speeds of at least 30 Mbps. The goal is for 50% to be signed up to a product with speeds up to 100 Mbps. Neelie Kroes, the Commissioner for the Digital Agenda, has been appealing to historic operators since 2011 in this respect, to ask them to invest more in fiber to the home (FTTH) in order to prepare for the increasing demand for greater speed and capacity. An alternative option to free up bandwidth is to reduce the number of analogue channels. On average an analogue channel takes up as much bandwidth as eight digital channels. Operators such as Comcast, Ziggo and UPC Cablecom have already started to adapt their analogue services in order to free up more bandwidth for digital services such as HD channels. Virgin Media even implemented a complete switch-off.

Faster mobile network: 4G and Wi-Fi

According to the Cisco VNI mobile forecast mobile data transmission is expected to grow worldwide by 78% annually between 2011 and 2016 and 4G or LTE is set to play a significant role in this process.

Studies have demonstrated that a large proportion of mobile data transmissions are home based, which implies that these connections can run via the landline or Wi-Fi network. Wi-Fi technology can be

used both at home and at public hotspots to prevent saturation of the 3G network. Moreover, consumers tend to prefer Wi-Fi technology as it facilitates higher speeds and is often a free component of their subscription.

MEANWHILE, @TELENET

To guarantee fast internet services for all our subscribers we regularly update our product specifications and manage our network with maximum efficiency. We have also been working on the expansion of our Wi-Fi network for several years.

Fibernet and Eurodocsis 3.0

Using EuroDOCSIS 3.0 technology Telenet can now cover nearly 100% of its service area with speeds of up to 100 Mbps. As of 31 December 2012, almost 100% of Telenet's internet customers were already surfing at speeds of 30 Mbps or higher. This means that Telenet has already achieved the targets of the 2020 Digital Agenda. Telenet customers are able to surf at particularly high speeds compared to other countries, which is confirmed by an Akamai study, in which Belgium is ranked seventh in the list of average peak speeds. The average peak speed at Telenet is 38 Mbps. Compared to other leading countries this would put us in a comfortable fifth place. Telenet, therefore, plays a vital role in guaranteeing competitiveness in the Belgian broadband market.

What is more, the cost per Mbit/s has dropped dramatically compared to a few years ago when customers were paying more for lower speeds.

Basic Internet, Telenet's entry product, now offers an unbeatable price/quality ratio for products from 15 to 30 MB/sec.

Telenet regularly upgrades the specifications and capabilities of its broadband products to ensure that legacy products are always up to date too. In July we increased the speeds of Fibernet products and lowered the monthly cost of FiberNet XL by €5. All these products incorporate free downloading facilities. In cases where consumption is excessive and threatens to disrupt other customers' internet operations Telenet may take action. This seldom happens though, also because the available volume is more than adequate for most customers. At the end of November we also adjusted the upload speed and volume of our legacy products BasicNet XL, ComfortNet (XL), ExpressNet (XL) and TurboNet (XL).

To guarantee appropriate speeds in the future for everyone the Telenet network needs to be managed with the utmost efficiency. We make every effort to eliminate spam and viruses 24/7 and minimise the effects of abnormal use of the Telenet network. We carried out extensive tests in 2011 and 2012 to identify how we can ensure that fast internet access is available for everyone at all times. The tests were completed in September 2012 with the introduction of theTelenet-netwerkbeheerspolicy Telenet Network Management Policy, which can be consulted on our website.

The EVA- charging points were put under the spotlight with an electrical vehicle taht was put at Telenet's disposal by Toyota.

Wi-Free
Surf hier gratis als Telenet-internetklant
Info en voorwaarden op telenet.be/wifree

Wifree, Telenet's public Wi-Fi service

"Follow the customer, not the cable" is a guiding Telenet motto. Cable is but one of many methods we employ to bring our services to our customers. Telenet invested in a wireless strategy as early as 2003 with the takeover of Sinfilo and its 120 hotspots. Over the years Telenet has considerably expanded this Wi-Fi network, with brand name Wifree, that provides free access to both internet and mobile customers.

There are currently 1,200 public Telenet Hotspots, spread across strategic locations in Belgium and Luxembourg, including airports, cafés and stations. Telenet adds more locations each year. In 2012, for example, access points were installed in about thirty Belgian railway stations and 70 charging points for electrical vehicles were equipped with a hotspot as part of the EVA (Electrical Vehicles in Action) project.

These charging points were put under the spotlight as part of a test project run by Toyota, in which an electrical vehicle was put at Telenet's disposal for a period of 10 weeks. Non-Telenet customers can also access these hotspots via a voucher system.

Since 2012 the Telenet hotspot network has been supplemented by more than 700,000 homespots. The homespot network relies on public Wi-Fi signals emitted by the wireless Telenet modem at the customer's premises. Customers decide for themselves whether or not to switch on the signal. This new feature resulted in a substantial increase in the number of public Wi-Fi locations. Since September access to the homespot network is also available to internet customers who do not have the latest type of modem.

Telenet entered into an agreement with the Walloon cable operator VOO to expand its homespot footprint. From the end of 2013 Telenet internet customers should also be able to access VOO homespots with their login data. And vice versa, VOO customers will have wireless internet access via Telenet homespots. This partnership should eventually result in the number of homespots exceeding 1 million.
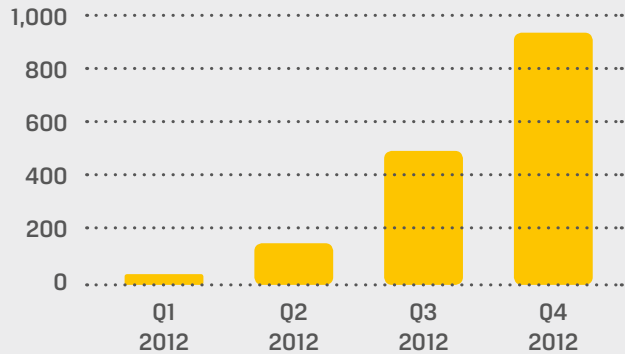
Every home its homespot

51%

of our internet customers
has a homespot

713,000

by the end of 2012 we had
713,000 active Wi-Fi homespots

## Volume via homespots and hotspots increases

Totaal volume (TB)

More intensive use

The increasing presence of hotspots and integration of smartphones and tablets are boosting the use of hotspots significantly. More than 95,000 unique users checked in to the Telenet hotspot network in 2012. That is twice as many as the previous year. And in 2012 more than 350,000 unique households were able to use the homespot network. In December 2012 83% of all mobile data use by customers outside the home ran via our WiFree homespots.

Surfing via 3G

Telenet customers wanting to surf via 3G can take out a mobile KING or KONG subscription. These tariff plans not only provide large numbers of call minutes and texts, but also 1 or 2 GB of mobile data, which is enough for day to day operations such as social networking or emailing on a smartphone. KING Surf and KONG Surf are specifically designed for 3G only data sim cards. Telenet uses the Mobistar network as a virtual mobile network operator to provide these services. In due course our customers will also be able to use the superfast LTE or 4G network via our partner Mobistar. 4G will enable mobile customers to surf at 50 Mbps.
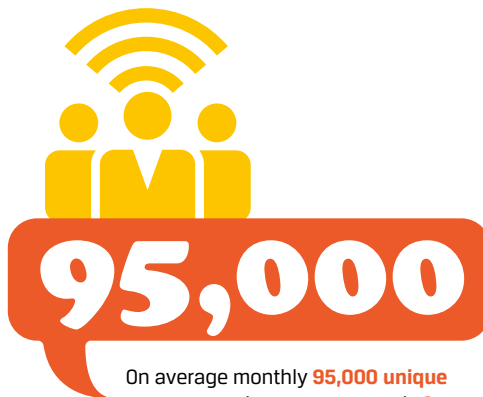
95,000

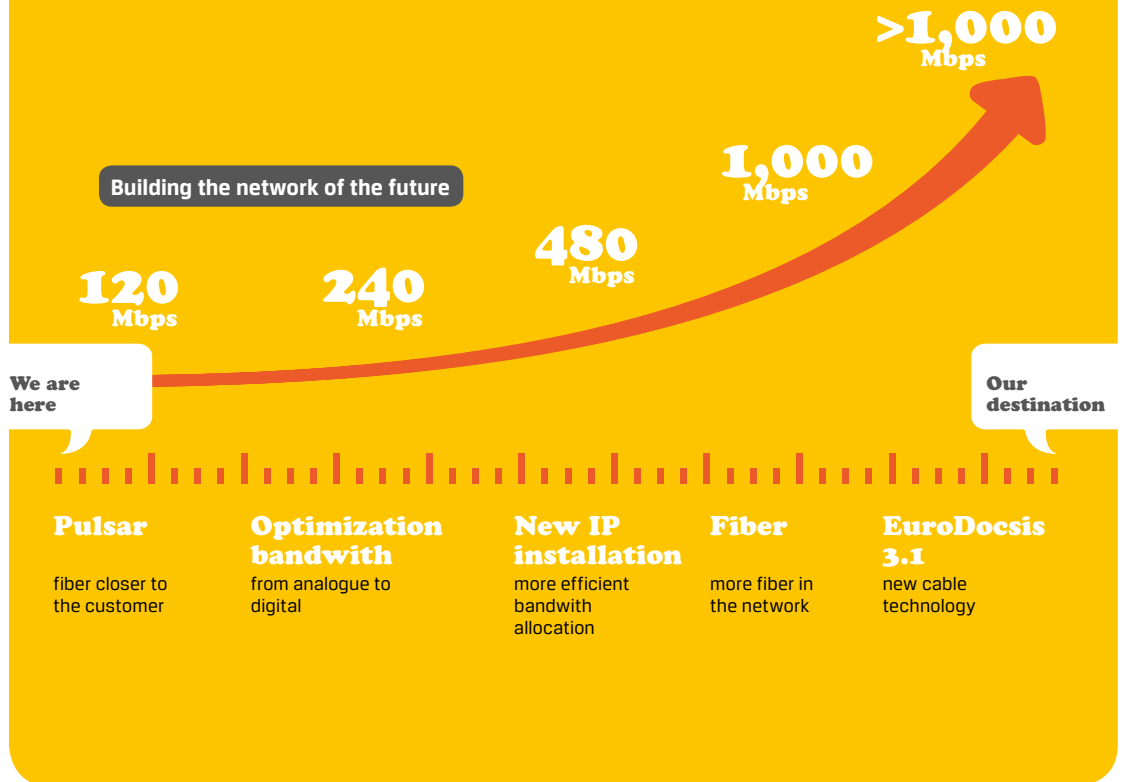On average monthly **95,000 unique users** on our homespotnetwork. **2x as many as last year.**

Future-proof

❝Continued investment in the network enables us to meet the ever increasing demand for greater bandwidth.❞

The network

The combination of the further optimisation of our network bandwidth and introduction of EuroDocsis 3.1 will ensure that Telenet remains best placed to offer super fast broadband throughout Flanders and Brussels in the long term.

Building the network of the future

>1,000 Mbps

1,000 Mbps

480 Mbps

120 Mbps

240 Mbps

We are here

Our destination

Pulsar

fiber closer to the customer

Optimization bandwith

from analogue to digital

New IP installation

more efficient bandwith allocation

Fiber

more fiber in the network

EuroDocsis 3.1

new cable technology

The Pulsar" project, will triple the bandwidth per household by 2015.

The network: the starting point of our activities

The fixed network, which is one of the key constituent elements of our activities, is a major contributor to Telenet's current, past and future success. To provide customers with superfast internet and digital services we use a hybrid network of fibre optic and coax components. Our network will reach more than 95% of homes in Flanders and approximately 1/3 of homes in the Brussels area. The core of the network consists of no less than 12,000 km of fibre optic cable, which is linked via optical nodes to coax cables underground and at the customer's home.

Making fibre optic more accessible to the customer

Telenet wants to offer all its customers the bandwidth they require for superfast surfing, video streaming, online gaming, uploading of photographs etc. Bearing in mind that data use is increasing on average by 40 to 50% each year, investment in our fixed network is a top priority. In 2009 our network bandwidth was amplified from 450 MHz to 600 MHz. In 2010 the EuroDOCSIS 3.0 cable standard was introduced, which enabled us to quadruple the maximum speed of our internet products from 30 Mbps to 120 Mbps.

In 2010 we initiated the "Pulsar" project, a €150 million investment programme that will triple the bandwidth per household by 2015. In practical terms this means that Telenet will considerably extend the number of fibre optic nodes that connect fibre optic with coax. The number of houses per fibre optic node will be reduced from an average of 1,400 to 500 in the space of five years. This increase in the number of fibre optic nodes across the entire service area will make fibre optic more accessible to the customer, particularly in densely populated areas. We had already doubled the available capacity on the network by the end of 2012, which means that there are currently 740 households connected to fibre optic, which equates to an average of 350 active broadband customers per fibre optic node.

Bandwidth optimisation

A number of other investments have been planned, in addition to tripling the number of optical nodes, as part of our proactive approach to preparing the network for the anticipated growth in data use, driven specifically by the increase in video and the fact that more and more equipment is connected to the internet. Studies have shown that internet traffic is set to triple over the next five years and that on average each individual will have 3 apparatus with an internet connection by 2016. Our network will increasingly be converted to fibre optic over the next

Service reliability

Service reliability is an absolute must for our customers. Each year Telenet re-invests a considerable share of the profits to ensure that its customers always have access to highly competitive products and services. In 2012, we invested €353.2 million, or 24% of our revenue.

The distribution of these investments is shown in the pie chart. The lion's share was spent on the expansion and improvement of our network, including the Pulsar programme to split the optical nodes in the network. A considerable amount was also set aside for customer installations and investment in rental set-top boxes. This expenditure was mainly incurred as a result of customers migrating to Fibernet broadband products, which require the installation of a wireless EuroDOCSIs 3.0 modem, and a large increase in new digital TV subscriptions. The remaining share went to, amongst others, repairs and replacement of network equipment, the acquisition of sports broadcasting rights and investments in IT systems.

few years. Moreover, key components such as Cable Modem Termination Systems (CMTS) will be upgraded by using a Converged Cable Access Platform (CCAP), to optimise efficiency in the allocation of spectrum channels via "channel bonding". The increased use of fibre optic and CCAP will considerably augment the capacity of our network and the speed of our broadband products. The migration of our analogue TV channels to digital TV channels will also boost the available bandwidth for digital services. By the end of December 2012 only 36% of Telenet's television customers were still watching analogue TV. At the beginning of 2005 this figure was still 100%.
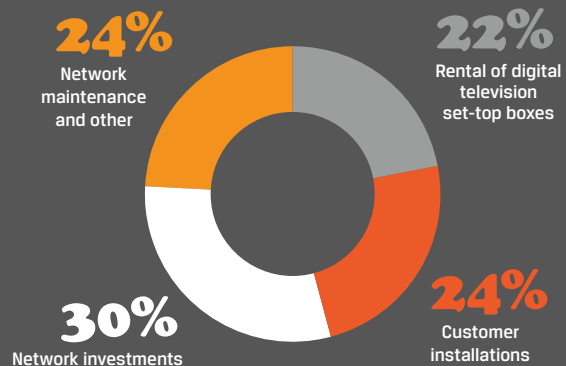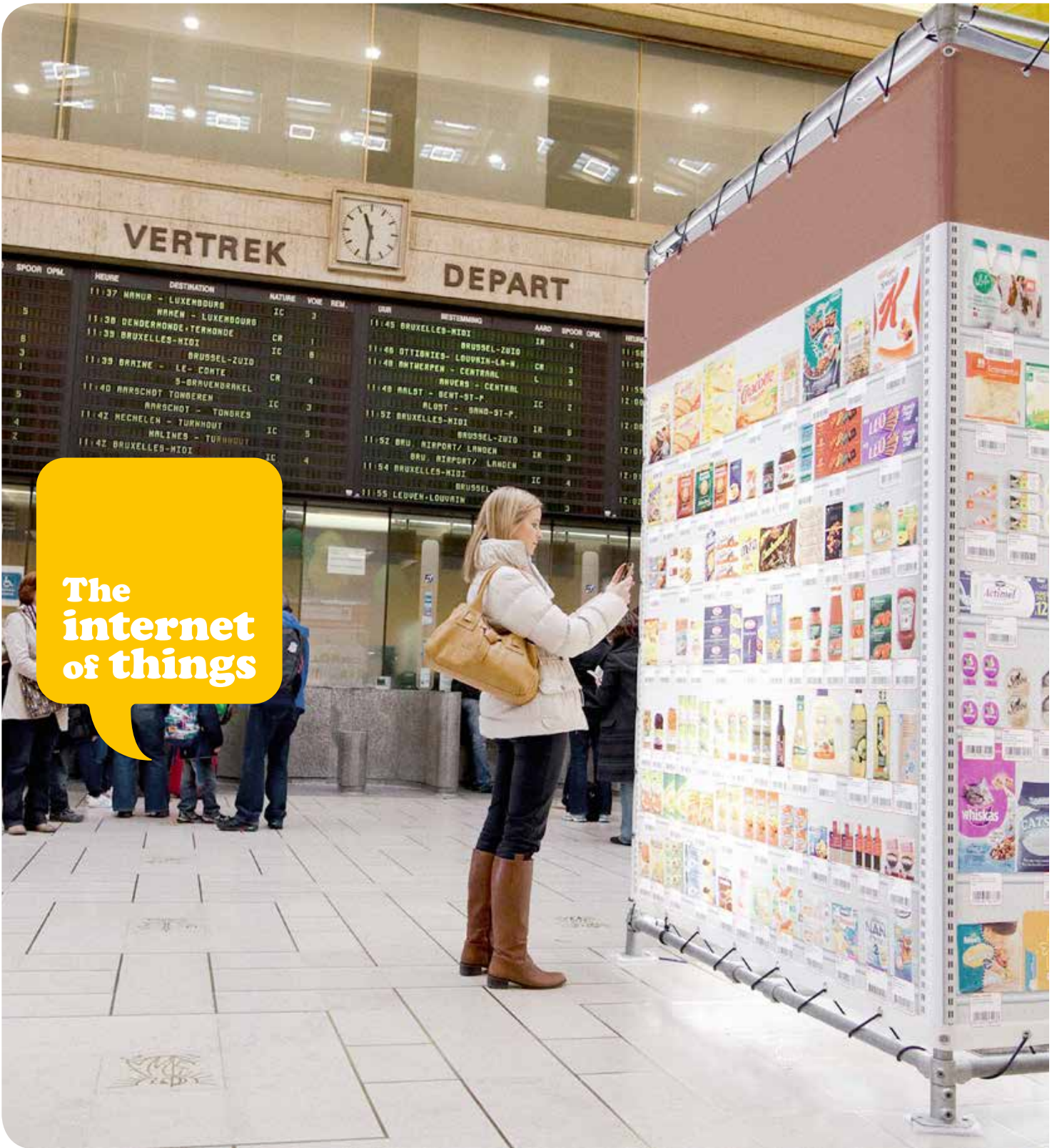
EuroDOCSIS 3.1 technology

The EuroDOCSIS technology employed by Telenet and many other cable operators makes cable networks the optimum and fastest solution, far better than traditional DSL networks. EuroDOCSIS is a European variant of the DOCSIS standard, which was developed by CableLabs in the US and facilitates superfast internet via coax cable. The current version allows us to offer internet access at speeds of up to 120 Mbps. CableLabs is heavily involved in the development of the next version, DOCSIS 3.1, which in time will accommodate realistic internet download speeds of 1 Gbps and upload speeds of 100 Mbps.

24% Network maintenance and other

22% Rental of digital television set-top boxes

30% Network investments

24% Customer installations

The combination of the further optimisation of our network bandwidth and introduction of EuroDOCSIS 3.1 will ensure that Telenet remains best placed to offer super fast broadband throughout Flanders and Brussels in the long term.

The internet of things

The future

We are currently at the dawn of a new era referred to as **'the internet of things'** or **'machine2 machine'**. More and more equipment is connected to the internet including, for example, cars, domestic appliances such as washing machines or fridges, and lighting and heating. This trend will generate a huge increase in the number of apparatus connected to the internet, which means that in due course there will be more sim cards than people! Ericsson estimates that by 2020 no less than 50 billion wireless devices will be connected to the internet worldwide.

1
computer/
household
in the beginning...

3.5
devices/
person
2015

6+
devices/
person
2020

IPv6 will facilitate internet expansion and further innovation.

IPv6

In order to communicate via the net all these billions of apparatus need an Internet Protocol (IP) address. To ensure that the ever-increasing number of subscribers, apparatus and services can remain connected to the net, internet operators worldwide are gradually transferring from the current protocol, IPv4, to a new version, IPv6. This new internet protocol will facilitate internet expansion and further innovation. Telenet will gradually introduce IPv6 between 2013 – 2015, alongside the existing IPv4 protocol. This means that, for a while, Telenet internet customers will be given both an IPv4 and an IPv6 address. Once everyone has been allocated an IPv6 address, the IPv4 internet will gradually disappear.

Practical applications: R&D

The internet of things may lead to significant social changes relating to, amongst other things, health, energy and safety. Together with other partners, Telenet also continually evaluates how its knowledge can be applied to maximum effect.

When it comes to energy Telenet is also involved in the Flemish Linear platform, initiated by Voka and

KU Leuven (Leuven University), which aims to test the smart grid. Smart grids, which optimise the use of green energy generated by customers at home, are based on a two-way traffic system in which the available energy no longer just flows from the power station to the customer. Part of the renewable energy generated by customers at home, using solar panels, wind power and heat pumps, can be returned to the grid. Smart meters, an essential component of smart grids, communicate the customer's energy use to the power station's central computer via the Telenet broadband network. This system gives customers the opportunity to make their energy consumption greener and more economical. Smart grids are an essential part of our future green economy.

Another social theme concerns safety, not only data related safety, but also the improvement of the general perception of safety at home and out and about. There is considerable demand for a simple approach to safety improvements via networks. In practical terms this means, for example, cooperating with security companies to monitor a specific environment using cameras. Or more frequent use of 'panic buttons' for senior citizens, which transmit pre-programmed data to any number of preset emergency numbers at the push of a button.

Finally, the health aspect is one of the key social priorities for the future. By 2020, half the Belgian population will be older than 50. This ageing of the population means that innovative solutions must be found to enable senior citizens to remain independent as long as possible. As a supplier of connectivity Telenet can act as a link between the various players, which include doctors, hospitals, patients, the government, etc. Using simple applications, the elderly will be able to gauge their blood pressure, heart rate or weight and transmit these results automatically to their doctor or care authority. Video calls also have significant added value in this context and could offer a solution for problems associated with isolation.
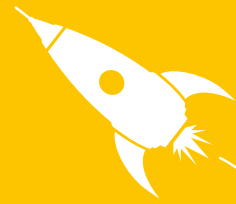
As a supplier of connectivity Telenet can act as a link between the various players of the medical sector.

we are moving on!

" More and more companies are requesting the installation of secure, public or non public hotspots in addition to their landlines. "

What's happening in B2B?

Similar to residential customers, the way in which businesses and institutions use the internet is changing too. Again usage is a split between landline and mobile internet. This trend is creating more flexibility and mobility for employees. The advance of Cloud Computing represents a second significant milestone.

Some key figures on Telenet for Business

91.8 million €
Revenue 2012

Over 5,000
Medium & Large Enterprises

Over 200,000
Small Office Home Office

MARKET TRENDS

Mobile internet in business

Businesses were the "early adopters" of the internet, to some extent because this technology made it possible to work more efficiently. At the end of last year virtually all European companies were connected to the worldwide web.

Not just private businesses, but also the health sector, government authorities and schools are recognising the added benefits in terms of efficiency offered by the internet. New technologies will be able to enhance the quality of life of an ageing population, promote healthier lifestyles and guarantee extended independence. ICT could also make working in the health sector a more attractive option. As far as governments are concerned, public services should be quickly and easily accessible to its citizens. And finally, internet services have obviously become essential for both schools and other educational establishments in 2012.

Similar to residential customers, the way in which these businesses and institutions use the internet is changing too. Again usage is a split between landline and mobile internet. This trend is creating more flexibility and mobility for employees. By 2010 approximately one third of European companies already operated an internal wireless network, resulting in the fact that "bring your own device" is becoming increasingly popular.

Cloud computing in business

For many companies cloud computing represents a cost saving opportunity. Whereas in the past it was necessary to acquire one's own ICT infrastructure, we are now progressing towards a new system in which IT facilities are offered as a specific service. In that sense cloud computing is a particularly attractive option for smaller businesses, because of the investment cost savings involved and the fact that they have access to innovative and up to date technology at all times. The inherent flexibility of this product is also very interesting. The cloud can quickly and easily be adapted to the number of users and their requirements.

MEANWHILE, @ TELENET FOR BUSINESS

Telenet's business customers mainly comprise small and medium sized enterprises (SMEs) with a workforce of up to 100 employees. However, larger companies in the government, health and education sectors and carriers such as international voice, data and internet service providers can rely on this operator. Using a combination of coax, DSL and fibre optic Telenet has the flexibility to offer services to business customers across Belgium and parts of Luxembourg, irrespective of the Telenet coax network footprint. The main difference with the competition lies in both the quality of service and coax connections. For SMEs the advantage

Split single to quadplay

1	32%
2	21%
3	37%
4	10%
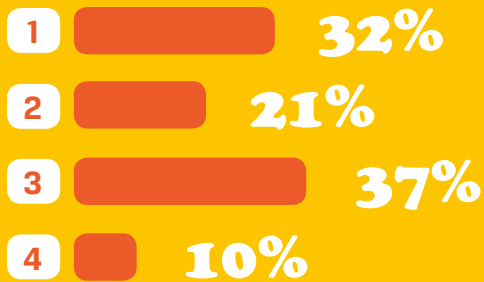
Business customers have access to a fast and personalised helpdesk.

of coax lies in the greater bandwidth; for larger companies in redundancy based on the unique combination of coax and DSL or fibre optic. In 2012 Telenet for Business received the Cable Europe Innovation Award as a result of its consistent efforts to establish coax in the business market. Readers of IT Professional and Datanews (professional publications) also bestowed the "Best B2B fixed operator" and "Best Telecom Operator" awards on the business division.

Superfast broadband and wireless internet

Superfast broadband internet is the norm in the business market. The availability of EuroDocsis 3.0 represents a significant development in Telenet's position in the business market. With higher download speeds and better product specifications than those offered by competing technologies Telenet is in a favourable position to acquire a larger share of the business market, both in terms of selective smaller segments and larger companies. One of the aspects promoting service excellence is the fact that customers connected to specific business services, such as Corporate Fibernet, can rely on guaranteed bandwidth backed up by the necessary SLAs. By reserving a share of the spectrum and halving the number of so-called CMTS, the elements in the network that link fibre optic and coax cable, Telenet has enabled these business customers to surf on a "virtual" network where their bandwidth is separated from residential traffic.

More and more companies are requesting the installation of secure, public or non public hotspots in addition to their landlines. For instance, the ING headquarters were equipped with an internal hotspot in 2012, dividing the ING network into two separate sections, i.e. a very secure office network for ING employees and a public hotspot network for, amongst others, ING customers. In due course all 800 ING subsidiaries will be equipped with the necessary access points for wireless surfing. Another typical example relates to the city of Mechelen, where several hotspots have

been created throughout the city over the past twelve months.

Wireless internet also means that companies are increasingly introducing mobile equipment. Telenet is launching services such as Mobile Device Management specifically for this purpose. This software enables customers to centralise the management of all mobile units, apps and documents. Employers can define which applications employees have access to and which data is encrypted. In the event of loss or theft apps and data can be selectively and remotely deleted. Mobile Device Management is part of the wider Telenet for Business security range, which is becoming ever more popular. This service is always tailor made and appeals to large companies in particular. Connectivity customers are increasingly opting for tailor made security packages and, conversely, customers subscribing to security packages are more and more inclined to also buy their internet services from Telenet.

The launch of the new product coincided with an amusing campaign giving customers the opportunity to 'sing in' their own local radio spot.

Shakes for small enterprises and independent operators

Most Telenet For Business customers are small enterprises and independent operators. At the end of 2012 Telenet launched a number of new product packages, so called "business shakes" that for the first time also include digital television, specifically aimed at this target group. Similar to residential customers, these businesses can now choose from a combination of television + telephony + internet or television + internet. The added value of this type of 'business shake' lies mainly in the additional service it offers. Business customers have access to a fast and personalised helpdesk, where they can choose their own specific contact. The launch of the new product coincided with an amusing campaign giving customers the opportunity to 'sing in' their own local radio spot.

The new mobile KING & KONG tariff plans, which replace the former Walk&Work subscriptions, are also very successful in this market.

Fixed telephony was also upgraded in 2012. ISDN-BA telephony runs via the Telenet coax network. This solution, which operates with any PBX switchboard, offers customers a choice of two to eight digital connections with guaranteed voice quality. Each connection will accommodate several numbers and simultaneous calls.

Cloud Computing

Telenet's leading position in connectivity services is complemented by a range of hosting and cloud computing services. Telenet offers two types of Cloud Computing (Infrastructure As A Service and Software As A Service).

CloudOffice offers Telenet customers a set of tools, including their own domain name, a website design package, a professional Microsoft Exchange mailbox and file server to facilitate online file sharing. With this software-as-a-service package the customer only buys the specific IT services that are really needed. Hosting and product maintenance remains Telenet's responsibility. To support hosting activities Telenet uses, amongst others, Windows Server 2012 Beta, the most recent Microsoft operating system. This cloud based service offers customers a flexible and safe product centred on local support. This enables Telenet to accommodate the needs of small independent operators and SMEs that want to centralise various business tools or entrepreneurs who want to minimise their software expenditure. Another target group can be found in the area of alternative working practices. Cloud computing offers a perfect solution to home workers, who require the same facilities as those working in offices, or commercial representatives, who need access to up to date information whilst on the road.

Telenet recently entered its cloud portfolio for the iMade innovation project run by the Agentschap Ondernemen (Enterprise Flanders) government agency. The project involving several partners aims

At the start of 2012 the professional publication Datanews proclaimed Martine Tempels, Sr Vice-President of Telenet for Business, ICT Woman of the Year. She took on the role of ambassador, in which she particularly wants to encourage women to opt for a career in the ICT sector. Her role entailed a number of different activities, including a master class on the role of women in ICT for IT, media & communication students at the Karel de Grote University College. The students then developed a market survey focusing on society's role in attracting more young people into ICT. The main message emanating from this research is that young people need to be encouraged in the direction of ICT, ideally starting at primary school.

This ties in with a second significant achievement. Martine made sure that CoderDojo, a non-profit movement that organises meetings worldwide free of charge for youngsters between the ages of 7 and 18 to teach them programming skills in club format, is now firmly established in Belgium.

Even after her year in the role of ICT woman of the year Martine will continue her endeavours to encourage a passion for ICT in young people and girls in particular.

to establish how the possibilities of 3D printing combined with cloud technology could represent a stimulus for (new) businesses.

Digital television innovations

With a focus on the digitisation of the business market, e.g. hospitals or hotels, Telenet launched various new products as part of its "TV for Business" campaign in 2012. Our "DTV Broadcast Centre" now allows us to offer tailor made and forward-looking digital solutions via coax cable to companies and organisations that aim to connect more than 50 TV sets. A service of this kind had been launched earlier via our fibre optic network also enabling advanced solutions. Our "Packet TV" service was installed at the beginning of 2012 in the Campus Sint-Augustinus Hospital in Wilrijk and Sint-Vincentius Hospital in Antwerp. Packet TV allows the hospital to introduce information channels in addition to the basic digital package. These channels can then be distributed to specific patient groups and wards to suit hospital requirements. For example, young mothers at the maternity ward can be shown a programme on breastfeeding or baby care, or diabetics can follow an information programme on healthy eating or insulin injections.

Another advantage of Packet TV is the option to use local interactive applications. In future it will be possible for patients to access specific public data, order video on demand provided by the institution, or enter meal choices using a remote control device and access code.

Our People

You
can do
more!

88

Telenet Foundation

All
digital!

96

A
Sustainable
world

Climate and environment

Together
for less
CO_2

102

Our partners

We all
contribute

112

> ❝ The sustainability policy focuses on a number of fast-developing socially relevant topics, such as transparency, reliability, climate change, the ageing population and the digital divide. ❞

"95% of our staff are proud to be working for Telenet! It therefore comes as no surprise that Telenet is this year's winner of the 'Top Employer' award."
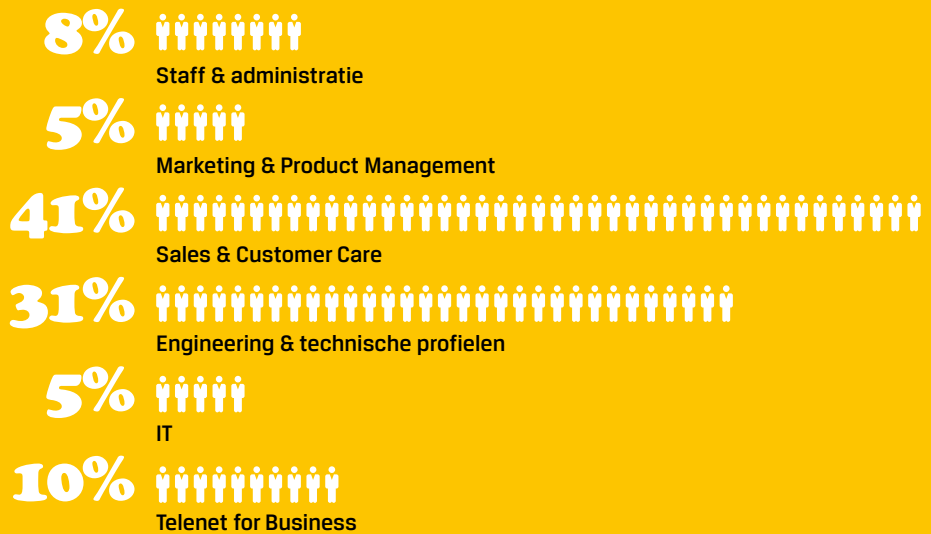
You can do **more!**

Our People

Telenet guarantees challenging jobs that combine both responsibility and opportunity for self-development. ICT is an incredibly dynamic industry, and we therefore require flexible staff who have the ability to respond quickly to constant changes in technology and services. We already make it quite clear at our recruitment events that there is never a dull moment at Telenet.

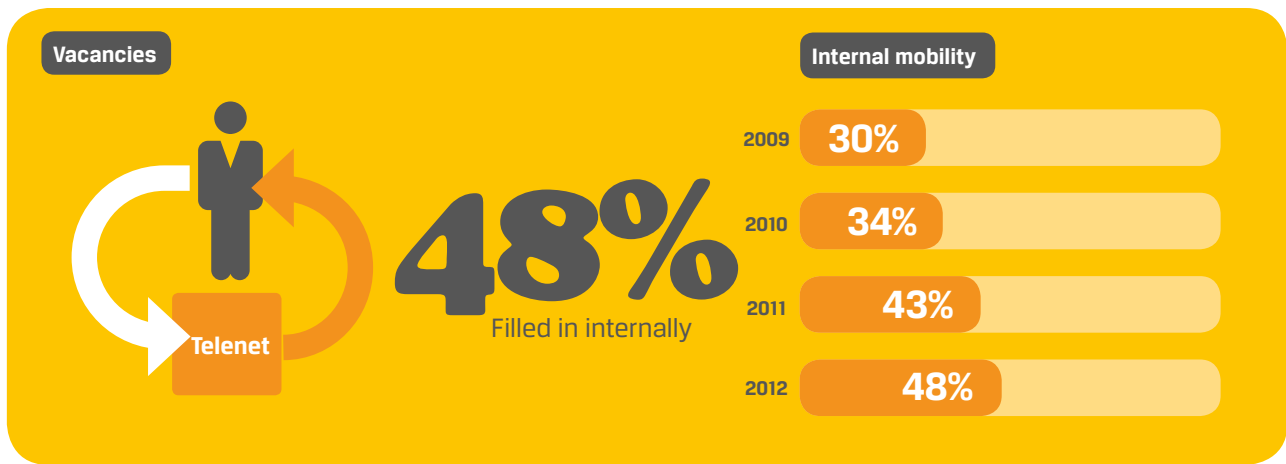**Number of staff**

266

Number of new staff

Skills areas

8% Staff & administratie

5% Marketing & Product Management

41% Sales & Customer Care

31% Engineering & technische profielen

5% IT

10% Telenet for Business

Vacancies

48%
Filled in internally

Telenet

Internal mobility

Year	
2009	**30%**
2010	**34%**
2011	**43%**
2012	**48%**

On the Young Grad Recruitment day participants could make their way to the top of an impressive indoor climbing wall.

Recruitment

Being a large and dynamic group, Telenet always has a wide range of vacancies. Telenet's aim is to attract people from various backgrounds in order to build up a versatile team that combines all the necessary competencies and the most outstanding professionals.

Telenet is convinced that a diverse workforce will think creatively and that this, in turn, will assist the company in consistently improving its customer service. Telenet is growing and developing thanks to a healthy mix of youthful enthusiasm combined with experience and expertise. In addition, differing views and standpoints are a cradle for new ideas and products. After all, a variety of opinions and insights originating from differing backgrounds or origins enhances creativity.

To fill its vacancies and in its search for new talent, Telenet not only makes use of the traditional recruitment channels, but the company also relies on alternative sources, such as social media (LinkedIn, Facebook), or one-day recruitment events, where the selection process is completed in just 1 day.

Customer Certificate

In 2009, Telenet launched a programme to impress upon the workforce just how important customer service really is. This Customer Certificate now forms part and parcel of our HR policy and our aim is to consistently strive to improve our customer service and to make this a constant in all our daily business operations.

This means, in effect, that all our employees spend at least half a day a year in a company role that involves direct contact with our customers, e.g. a helpdesk operator, shop assistant or installation inspector. In 2012, 1,479 members of our staff gained their Customer Certificate.

An example of this is the recruitment campaign for new mobile telephone advisors following the success of KING & KONG. The campaign was appropriately named DING and DONG and at the end of last year it mainly ran on jobsites, news sites and social media. In order to give an extra boost to this search for suitable candidates, the recruitment team organised 2 one-day recruitment events. These were attended by no less than 70 people, and by that same evening 12 of them already had a signed contract.

In addition, Telenet also uses its 'Refer a friend' programme to ask its own workforce to recommend new recruits.

Gender-based Distribution of Staff

Male	Female	Male	Female
64%	36%	71%	29%
Total Group		**Managerial**	

Average Age in Years

39   33   37.64

By attending several training days was thaught how to transform innovative ideas into actual projects and results.

Talent Development Programmes

We are working hard to encourage our talented recruits through various talent programmes and training courses. We therefore regularly develop and hone our training programmes and assessment methods. In 2012, we launched a number of new talent programmes.

The Young Grad programme is a 2-year training programme for young professionals. In total, we selected 25 applicants, distributed equally over all of the Telenet divisions. A large proportion of the applicants were selected on the Young Grad Recruitment day. On that day, participants not only had the opportunity of taking part in workshops, but also of setting their own course to make their way to the top of an impressive indoor climbing wall at the Mechelen headquarters. These applicants will be working as fully-fledged members of staff in their allocated departments for a period of 2 years. Every single month, the participants will be offered a number of training courses which will always relate to the Telenet core competencies. Telenet will be setting up another new Young Grad Programme in 2013.

Talent 4 Growth is our second programme. 21 Telenet managers in the middle management bracket take part in this Management Development Programme. This is a modular programme that focuses on the Telenet core competencies. By attending several training days, workshops, a challenging boot camp, and by presenting a sales pitch to the Executive Team, they learn how to transform innovative ideas concerning product and service innovations, customer communication etc., into actual projects and results.

In 2012, we also organised 'Talent Days' for the very first time. Senior Telenet managers use these training days to train some 200 members of staff on a current topic in their particular field of work. Besides training and development, this day also focuses on networking to promote inter-departmental collaboration. In 2013, we will also be organising such Talent Days. The participants will be selected based on their performance, their potential and passion/commitment.

Besides these kinds of carefully-focused programmes, Telenet also attaches a great deal of importance to training and direct coaching in general. Our members of staff jointly agree upon a personal development programme with their individual managers. At the end of 2012, we noted more than 1,500 personal development programmes.

Our intention is that the entire workforce should have such a programme in the long term. In addition, Telenet also runs a regular training programme, which comprises a broad selection of internal and external training courses. We regularly expand the range of training courses available, for example, with sessions focused on mindfulness, people management skills, authentic leadership and business writing. In addition, Telenet also makes use of alternative learning methods, such as company plays, role play and personal coaching sessions. For the first time ever, the number of annual training days has exceeded the magic number of 10,000 days.

Attracting and Retaining Talented People

Telenet currently employs more than 2,000 people. We aim to retain our competitive edge and market position by recruiting people with the right talent and set of skills. After all, the telecoms industry is a fast-moving environment and to keep up with these constant changes, Telenet is always in search of keen, dynamic staff. We attach immense importance to the personal development of the talented people we recruit. That is also why we organise, besides our annual general training courses, various talent programmes for specific target groups, in order to give these members of staff extra motivation and to promote a can do mentality within Telenet.

Measuring Customer Satisfaction

Telenet uses 2 different surveys to regularly measure its customer satisfaction levels. Firstly, since 2011 Telenet conducts every six months the 'Employee Compass' survey. The purpose of this questionnaire is to probe into the general wellbeing of our Telenet workforce. The 2012 results have shown that no less than 95% of our employees are proud to be working at Telenet and that 90% have expressed confidence in their fellow colleagues.

Our e'Coaching Compass' is another assessment method. This is also a semestrial survey, which was first launched in 2009 and focuses on job satisfaction and the coaching expertise of immediate supervisors. This assessment also assists our managerial staff in developing their coaching skills. The results have shown that 75% of Telenet staff are generally happy in their role. The same number of the respondents state that their superiors give them sufficient recognition. We have now conducted the

Coaching Compass survey 7 times since 2009. The results have shown marked progress in the 5 areas surveyed (staff guidance, staff development, coaching of skills and customer focus).

The Coaching Compass and Employee Compass surveys give us a good insight into our Employee Satisfaction levels. They gather all the information and scores to the questions related to job satisfaction, recognition, pride in the company, recommendation intention and confidence among colleagues. In 2012, this score showed considerable improvement in comparison to the year 2011.

In March 2012, Stimulearning, a training & professional development organisation, awarded Telenet the people's award for the 'Destination: Top Coach' case story. This case story described all the endeavours undertaken by Telenet to develop its managers' coaching.

90% of our employees have expressed confidence in their fellow colleagues.

Mid-Year Interview and Final Appraisal

We have incorporated two major events into our calendar year to monitor daily performance. Halfway through the year, we are now making time for a moment of reflection. In 2011, this so-called 'mid-year interview' has evolved from an appraisal into a development interview, and focuses on the personal development plan and an open discussion about any wishes concerning internal mobility.

In addition to this, we also hold an end-of-year appraisal, which probes more deeply into the achievement of personal objectives over the whole year. The bonus system that is linked to this end-of-year appraisal, in addition to the results relating to the personal objectives, is also influenced by Telenet's collective performance, which includes the customer loyalty score. This parameter has up to 40% impact upon the management bonus structure, whereby Telenet again emphasises the importance of customer satisfaction.

Communication With and Among the Workforce

A part of the communication with our workforce takes place via the intranet, regular updates by e-mail or training and development programmes. In 2012, Telenet introduced a number of new communication tools for teleworking purposes. By activating the Lync application on their computer and with a simple click of a button, members of staff can locate communication tools, such as a chatbox, audio and video conferencing, or they can share their computer screen with one of their colleagues.

At the beginning of October, Telenet also launched 'The Yellow Wire' internal social network. Telenet is encouraging its staff to use this platform to exchange ideas without planning in any meetings or engaging in lengthy e-mail communication. By setting up private or public groups, some communication will actually be faster and more efficient. In

just 2 months, 1,700 active users have already joined the platform, including quite a number of managers and members of the executive team. Several information sessions have been organised to teach all Telenet staff to learn to use these new forms of internal communication and well-known external social media platforms, such as Facebook, Twitter LinkedIn or YouTube.

The New Way of Working

18 months ago, 8 partner organisations signed a collaboration agreement concerning 'The New World of Work'. Its founding members are Microsoft, the Federal Government Department for Social Affairs, OutofOffice, SDWorx, Flanders Synergy, USG People, Euro Green Innovation Center and Telenet. This coalition for 'The New World of Work' actively promotes 'The New Way of Working' and endeavours to bring about a major change in thinking among the workforce.

The advantages of the 'New Way of Working' can be summarised into 3 core pillars, i.e. 'people', 'profit', and 'planet'. The workforce (people) find it easier to organise their life, resulting in an improved work-life balance. The organisation (profits) also benefits from this. After all, motivated and committed staff will ensure improved company results. And finally, the environment (planet) also benefits from a reduction in the home-work commuting journeys.

Telenet Ambassador for the New Way of Working

Last year Telenet ran a pilot project involving some 50 Teleworking ambassadors from all the various departments within the organisation. 'Telenet 2.0' aims to highlight the various challenges involved in this 'New Way of Working'. Teleworking has become significantly more accessible thanks to the introduction of the above-mentioned new communication tools. However, there are still many questions that

Work-Life Balance

Priority

With the introduction of the New Way of Working we facilitate as a company a additional form of work organization that meets the changing needs of our employees. They already experienced the positive impact on their work-life balance and greatly appreciate this.

Furthermore we encourage everyone to enjoy sport and leisure. The mindfulness program is also highly appreciated. We combine our effort for encouraging a healthy lifestyle in the Telefit Plus program..

have to be answered before we can roll out this New Way of Working throughout the whole organisation. How can the organisation teach people to clearly separate and also efficiently mix their private life and work? How can we channel the effect of instant access anywhere and anytime and still ensure that our staff can detach themselves from their work? What type of management skills and company culture do we require to make this New Way of Working feasible?

At Telenet, we aim to set up a sustainable policy based around this New Way of Working. This requires in-depth preparation. In 2013, the project will be rolled out more widely throughout the organisation, and this in a well-structured way, and the 'New Way of Working' will simply evolve into 'Our Way of Working'.

At the headquarters in Mechelen, the workstations are set up as 'flexible desks'. Our ambition for 2014 is to have an occupancy rate of 85%.

**All
digital!**

"The Telenet Foundation is currently supporting some 105 projects in Belgium. We have already managed to reach out to more than 111,000 people."

Telenet Foundation

The aim of the Telenet Foundation is to help bridge the digital divide experienced by vulnerable people in our society. By setting up a sustainable collaboration with non-profit organisations, the Foundation is primarily helping young people, for whom it has not been so easy to keep up with the changes in digital technology due to socio-economic or medical reasons, to familiarise themselves with contemporary information and communication technology.

at least
150,000
people

into contact with digital technology, PCs and the internet by the year 2015

Bridging the digital divide

These days, anyone who cannot keep up with technological developments will usually quickly fall behind in society. In recent years, this is not so much a matter of actually having access to the internet, but more a matter of computer literacy. The Telenet Foundation therefore does not mainly focus on the computer itself, but instead on the digital highway as a knowledge channel. It is important to teach this target group how to do their homework on the computer, but also how to look for employment and accommodation, and how to get out of their loneliness or to make contact with the authorities.

External Project Campaign

Every year, the Telenet Foundation supports initiatives run by non-profit organisations to bridge the digital divide in a sustainable way. These projects run both nationally and internationally. Since 2011, the King Baudouin Foundation has been managing and guiding the Telenet Foundation external project campaign. Both foundations share a common goal and wish to make a sustainable contribution to achieve a greater sense of justice and respect for diversity.

In 2012, 4 external laureates have won awards. In addition, 3 other projects involving Telenet staff have also been nominated. Altogether, they have received no less than €280,489 for their projects.

Since its first launch, the Telenet Foundation has received some 1,275 project applications in response to its campaign. In Belgium, approx. 105 projects are currently receiving active support and the Foundation has already been able to reach out to 111,000 people with a budget of some €2 million. By the year 2015, the Telenet Foundation aims to bring at least 150,000 people into contact with digital technology, PCs and the internet.

Priority

Access to ICT

Telenet wants everyone to have the chance to use information and communication technology. After all, in the 21st century, it is absolutely crucial to have both access to and to be informed about the digital world. Through the efforts of the Telenet Foundation, Telenet endeavours to close this digital divide. In addition, Telenet also makes all of its products available at social tariffs. In this way, Telenet ensures that the vulnerable sections of society can also gain access to its products and services.

Make Time for Others!

The staff programme entitled 'Make time for others!' is another major undertaking of the Foundation. This programme was launched on 21 June 2011 and offers Telenet staff the chance of asking for support for organisations in which they themselves are working as volunteers, and this independently from the internal project campaign. Another option is to use the annual team building activity for volunteering work. Finally, Telenet staff can also take part in in-house campaigns set up by the Foundation for socially relevant causes, such as the 1,000 km for Fight Against Cancer or preparing the Samusocial Winter Plan for the Homeless in Brussels. Telenet aims to increase its staff's contribution year by year, and this both in terms of the number of people, but also in terms of the number of hours dedicated. In 2012, 166 members of staff contributed 1,825 hours to the Telenet Foundation initiatives. The aim for 2015 is to involve 200 active members of staff, who in total will be contributing 3,000 hours.

The objective of Telenet Foundation

90,000
2011

111,800
2012

150,000
2015

My Zone is currently available in 11 hospitals spread over Flanders and Brussels.

Collaboration with Telenet

In addition, the Telenet Foundation, jointly with all the various departments within Telenet, is looking for structural solutions to support the running of social projects.

In conjunction with Telenet for Business, the Foundation is providing children in hospital with laptops and an internet connection through the My Zone project. Children who are admitted to hospital for prolonged periods of time often feel isolated from the outside world. Having access to the internet enables them to keep in touch with family and friends and to have a social life. The little ones are offered webcam time to chat with the Cliniclowns. All in all, My Zone is currently available in 11 hospitals spread over Flanders and Brussels.

Every year, the Telenet Foundation also supports various text messaging campaigns, the earnings of which all go to charitable causes. In the winter of 2012, the Foundation took part in the '4466 campaign, a text message for the homeless'. Over this last winter, anyone who wanted to help the homeless could do this by sending a text message. Every text message sent contributed 1 euro in support. Telenet further completed this campaign with its 'Send a Cent' Christmas card campaign. The entire staff had the opportunity of sending a fun digital greetings card. Samusocial received half a euro for every card despatched.

And last but not least, the Telenet Foundation also provides support to various projects, such as 'Recup PC', which is a collaboration with Digipolis Gent, OCMW Gent and Oikonde that offers underprivileged

Contributions per theme in 2012

5% Medical

9% Social welfare

79% Education and youth
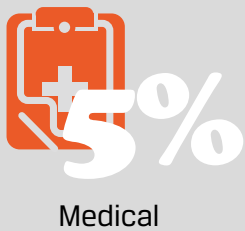
families a free computer and internet facilities for 1 year. The project was completed in October 2012. The results are available on the Telenet Foundation blog.

2012 Projects

Playing for Success is aimed at youngsters who, due to certain circumstances, are finding it hard to keep up at school. The project invites these students to inspiring places, such as sports stadiums. Here they are taught in a challenging way and they receive intensive guidance, which in turn helps them to regain their motivation and their self-confidence.

The non-profit organisation `vzw Jong' aims to bring underprivileged children into contact with ICT. They install computers to enable the children to become acquainted with digital media.

The non-profit organisation `Groep Intro vzw' provides training to people from socially vulnerable backgrounds. The purpose of their `Spoor T' project is to bring the computer area up to date and to expand it, in order to enable children and young people to use it in their leisure time.

The `Link in the Kabel' organisation, jointly with Vang. Net, is developing an on-line tool in order to enable young people with learning difficulties to use the internet responsibly. This gives the youngsters maximum digital opportunities at a level that meets their requirements.

€ 2%
Economic development

♥ 5%
Other

"Our aim is to be open and transparent about our environmental policy. We are formulating clear objectives and are constantly mapping our progress."

Together for less CO$_2$

Climate and the Environment

Our objective is to be climate neutral in 2015. Persistent awareness campaigns within the company have resulted in a remarkable number of concrete initiatives and inspiring campaigns, which have been grouped together around the various topics, such as reliability, transparancy, electricity usage, energy efficiency, transport and waste reduction and processing. In order to achieve this objective, we are continuing to mainly focus on measures that will further reduce our own CO_2 emissions. We are doing this, for example, by focusing on far-reaching efficient energy usage. In order to finally fill the remaining gap between our current CO_2 performance and Telenet's ambitious goal of becoming climate neutral, we are planting new woods in Flanders, Senegal and in Ecuador by way of compensation.
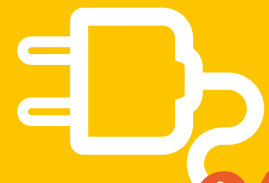
Reuse of material

savings
712
tons of waste

Mobility

-5%
average CO_2

Total energy-efficiency

+7.1%
(versus 2011)

Telenet is planting new forrest for CO_2-compensation in Flanders, Senegal and Ecuador.

Telenet energy sources

- Green electricity
- Other
- Mobility & transport

CO_2 REDUCING INITIATIVES

Our objective is to grow and develop Telenet, and at the same time reduce the company's environmental impact. In 2012, our turnover increased by 8%, whereas our CO_2 emissions showed an impressive 25% decrease. Compared to the year 2007, we have cut our emissions by more than 60%. This means that we are now well on the way to reaching our goal of becoming climate neutral in 2015. In order to achieve this objective, we are continuing to mainly focus on measures that will further reduce our own CO_2 emissions. We are doing this, for example, by focusing on far-reaching efficient energy usage.

Below we describe our main action points and matching results. For a complete overview of the evolution in CO_2 emissions, we refer to the corporate website.

Electricity Usage and Energy Efficiency

Telenet has been using green energy since mid-2008, Hostbasket since 1 January 2010, Belcompany since September 2010 and Interkabel since 2012. This certified AlpEnergie from Electrabel is generated by hydroelectric power stations and is therefore 100% renewable. For 2012, that represents a saving of more than 18,000 tons of CO_2. In addition, Telenet has made considerable efforts to use renewable sources of energy and to promote these among its stakeholders. Solar panels have already been installed at the Telenet head office in Mechelen.
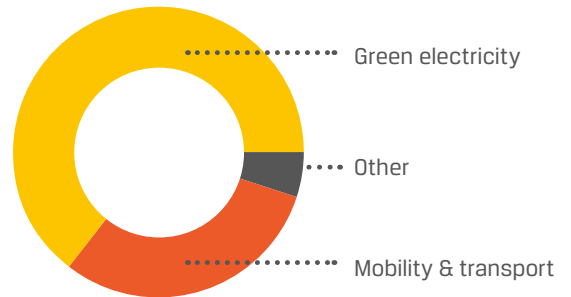
Telenet's electricity usage is increasing year upon year, especially due to the increased demand for data processing and the ever-growing range of digital services. Every year, we work hard to improve our energy efficiency. We have therefore deliberately invested in monitoring systems. This will give us clear information on where we need new investment in more efficient and effective energy saving measures, e.g. by adjusting the cooling or heating in our buildings. We are also taking energy efficiency readings, which are expressed in Power Usage Efficiency (PUE). These readings enable us to immediately know how much power we are consuming and to work towards more efficient systems and processes.

Please find below detailed information concerning the efficiency of the network, the data centres and the office buildings.
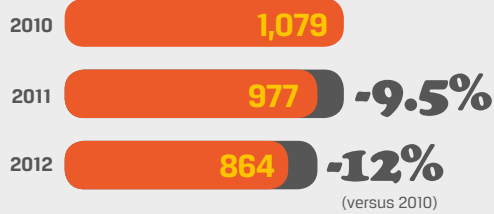
Network Energy Efficiency

By investing in the network and replacing outdated equipment with newer, more efficient systems, we are constantly making savings. We are now taking real-time PUE readings of 53 equipment stations, with the facility of calculating daily or monthly averages per building type or calculating total figures. This immediately gives us our energy usage, enabling us to optimise our systems and processes accordingly.

Compared to 2012, our electricity usage per gigabyte has dropped by 12%.

Electricity usage per gigabyte

Annual average in Gwh

Year	Value	Change
2010	1,079	
2011	977	-9.5%
2012	864	-12% (versus 2010)

Data Centre Energy Efficiency

Set against our total electricity usage, our data centres are our second largest electricity consumers. Thanks to a whole host of measures, we have again succeeded in improving and reducing the PUE of our data centres, e.g. by introducing turbo-compressors for the cooling equipment, LED technology, alternating current for our air conditioning systems, replacing outdated cooling equipment with free cooling air conditioning units, etc. We have probably achieved our biggest efficiency gain by making more efficient use of our fleet of servers; making maximum use of their capacity has increased efficiency.

All of the above has improved our energy efficiency rating from 2.7% to a PUE of 1.6.

Telenet subscribes to the European code of conduct for data centres, issued by the European Commission to improve the data centre energy efficiency, by complying with a number of best practices.
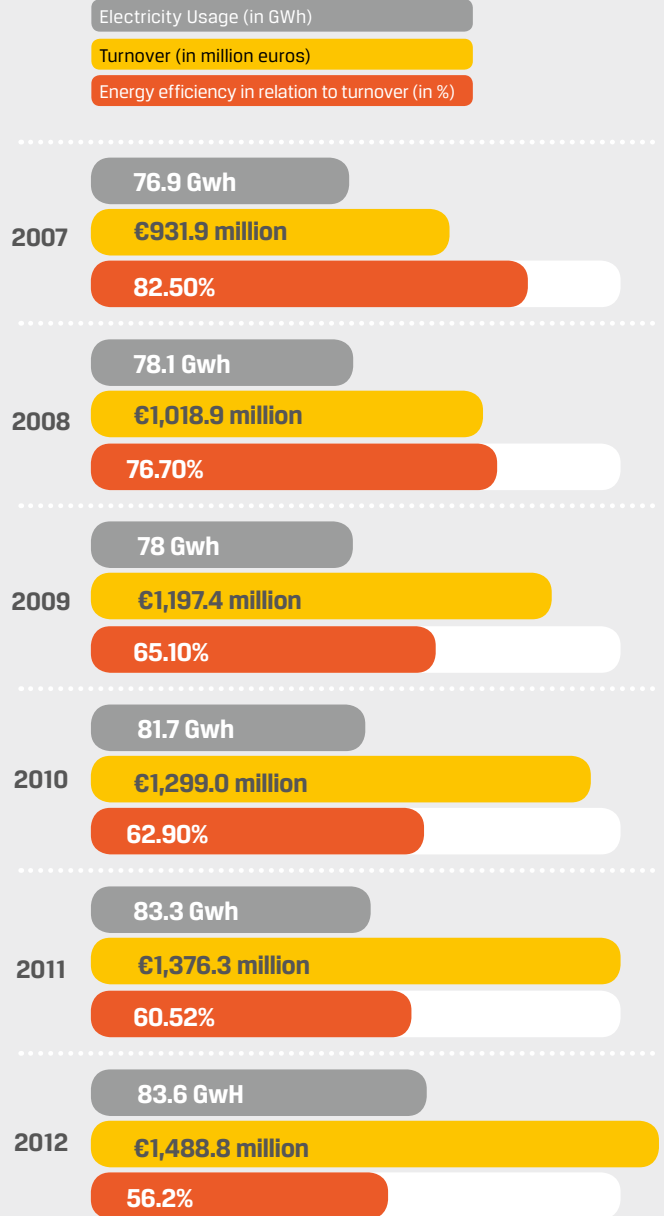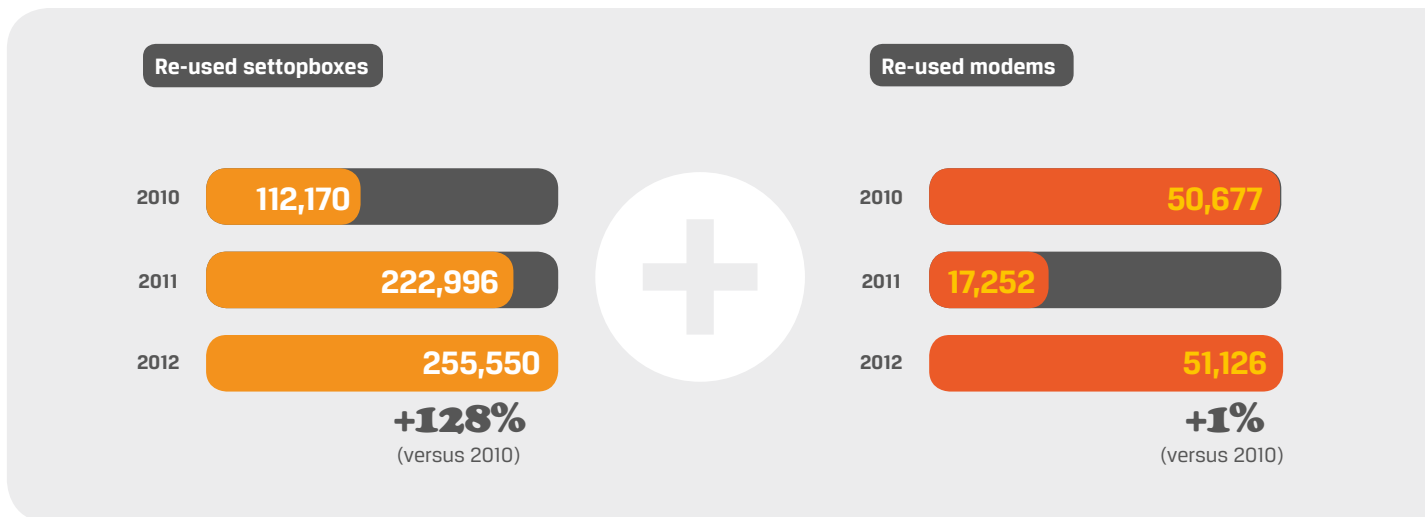
Office Building Energy Efficiency

Electricity usage at the main building in Mechelen is one of the lowest for office buildings, consuming just 108 kWh/m²/year in 2012. Telenet was one of the winners of the GreenLight Annual Award 2012, which is a prize for the most interesting projects in terms of energy saving and technological innovation awarded by the Joint Research Center of the European Commission and part of the GreenLight Programme.

Total Overview

Telenet's total energy efficiency compared to 2007 has improved by over 30% and compared to 2011 by 7.1% Calculated at the latest electricity prices, this represents a cumulative saving of almost €4.5 million, or close to 10,400 tons CO_2 eq.

Total overview energy-effiency

- Electricity Usage (in GWh)
- Turnover (in million euros)
- Energy efficiency in relation to turnover (in %)

Year	Electricity Usage	Turnover	Energy efficiency
2007	76.9 Gwh	€931.9 million	82.50%
2008	78.1 Gwh	€1,018.9 million	76.70%
2009	78 Gwh	€1,197.4 million	65.10%
2010	81.7 Gwh	€1,299.0 million	62.90%
2011	83.3 Gwh	€1,376.3 million	60.52%
2012	83.6 GwH	€1,488.8 million	56.2%

Re-used settopboxes		Re-used modems	
2010	112,170	2010	50,677
2011	222,996	2011	17,252
2012	255,550	2012	51,126

+128%
(versus 2010)

+1%
(versus 2010)

Transport & mobility

More than 2,100 members of staff commute to and from work. At the same time, numerous suppliers are constantly on the road on behalf of Telenet. In terms of transport, this offers a whole range of opportunities and challenges to further reduce our CO_2 emissions. We are therefore running various initiatives to reduce car use.

As part of our 2012 car policy, we have further reduced the maximum CO_2 values in comparison to 2011. In 2012, the average CO_2 value for all private cars stood at 130 g/km. This represents a 14% improvement compared to 2009 (151 g/km) and a 5% improvement compared to 2011 (138 g/km). The average CO_2 for new, private cars used in 2012 was 114 g/km. That is a 9% improvement in relation to the previous year (126 g/km).

We have also worked out a series of transport alternatives for company cars, available with effect from 1 January 2013. Members of staff can now combine their company car with a train subscription or their lease car with a Railease scheme run by the national railway company NMBS. Our staff can also opt for a smaller lease car with lower CO_2 emissions and receive payment for any unused budget allowance. And finally, Telenet staff also have the option to refuse a company car in exchange for payment.

Telenet is now also running a Train-bike@Work scheme to make hire bikes from the social project 'The Workshop' ['t Atelier] available to train commuters. This means that our employees can now cycle the journey from the Mechelen Central train station to the Telenet offices. 'The Workshop' ['t Atelier] also maintains the bicycles. In addition, Telenet is investigating the possibility of purchasing e-bikes at extra low cost. Our employees are also launching various initiatives themselves to collectively reduce car use. Over the last few years, our Finance Department has already managed to cut back their annual car journeys by 10%.

Equipment Re-Use

Decoders and Modems

Almost all decoders and modems are being re-used, and any remaining ones are recycled by an accredited processing company. This extensive re-use has reduced the quantity of waste produced by 712 tons in 2012 compared to 600 tons in 2011 and 374 tons in 2010. As a result, €18.5 million have been saved in purchasing costs compared to €12.7 million in 2010.

All modems and set-up boxes handed in are despatched to the sheltered employment workshop Imsir in Boom, where equipment processing provides work for some 40 keen members of staff. On 8 December 2011, Telenet and Imsir were awarded the people's prize by the Supply Chain Awards for their collaboration. Within its industry, Telenet has been hailed as the ambassador for sheltered employment for the year 2012.

Reduction of waste

Year	Amount
2010	374 tons
2011	600 tons
2012	712 tons

+90%
(versus 2010)
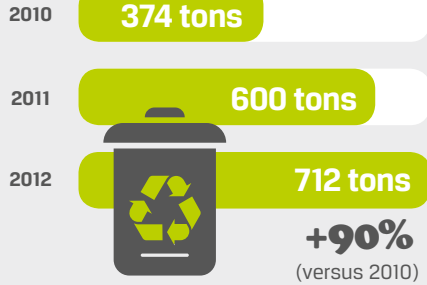
Computers

The Telenet Foundation gives old PCs a new lease of life. As part of the partnership with PC Solidarity, the Belgian section of the NGO Close The Gap, this year Telenet donated 1,315 high-quality, second-hand desktop computers, monitors and notebooks to this organisation.
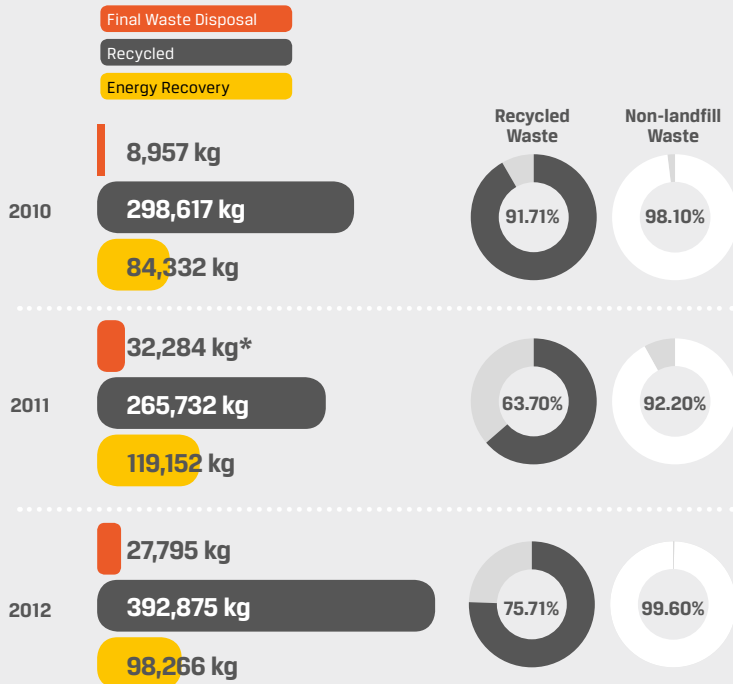
Mobile Telephones

In 2012, 5.81% of customers who purchased a new mobile telephone handed in their old device to a Telenet Mobile point of sale. These telephones are subsequently despatched to the specialist processing company Ecowave. It is also possible to bring the old devices to the container park. In order to ensure that all of the waste at customers' homes is processed correctly, Telenet has joined forces with various government accredited agencies.

Telenet has been hailed as the ambassador for sheltered employment for the year 2012.

Hazardous Waste Processing (Telenet Head Office)
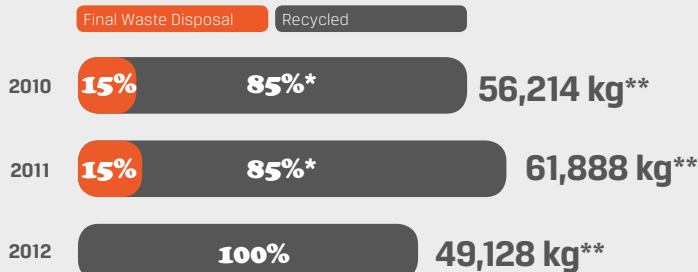
- Final Waste Disposal
- Recycled
- Energy Recovery

		Recycled Waste	Non-landfill Waste

2010
8,957 kg
298,617 kg
84,332 kg
Recycled Waste: 91.71%
Non-landfill Waste: 98.10%

2011
32,284 kg*
265,732 kg
119,152 kg
Recycled Waste: 63.70%
Non-landfill Waste: 92.20%

2012
27,795 kg
392,875 kg
98,266 kg
Recycled Waste: 75.71%
Non-landfill Waste: 99.60%

*In 2011, Telenet organised a large-scale warehouse clearance campaign

Residual Waste Processing

- **2010** 70,382 kg
- **2011** 105,988 kg*
- **2012** 102,459 kg
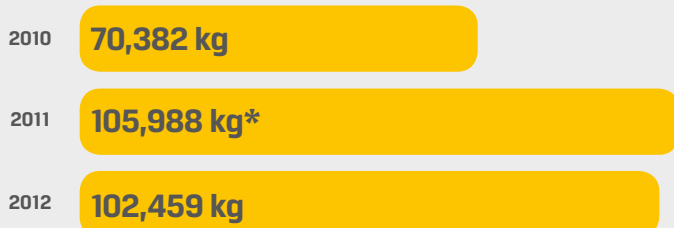
* The increase is partly due to the fact that waste containers for kitchen waste are now also incorporated into our data. On a like-for-like basis, the quantity of residual waste would have shrunk to 67,560 kg.

Paper and Cardboard Processing (Telenet Head Office)

- Final Waste Disposal
- Recycled

- **2010** 15% | 85%* — 56,214 kg**
- **2011** 15% | 85%* — 61,888 kg**
- **2012** 100% — 49,128 kg**

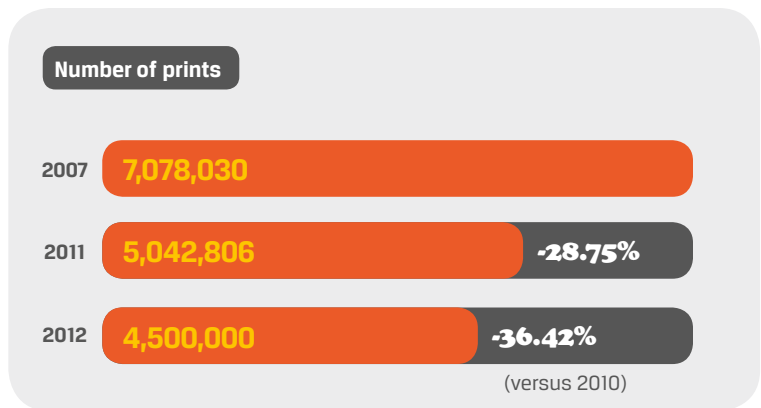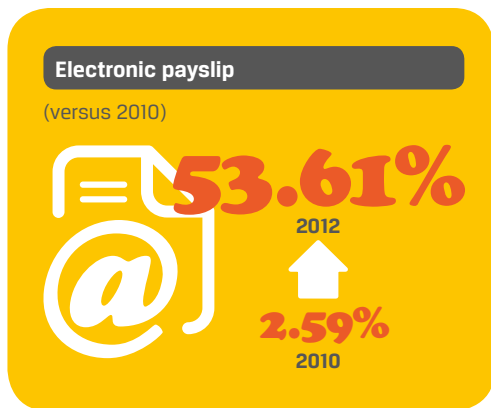* Estimate – minimum legal requirement
** Telenet uses 100% FSC paper

Waste Reduction and Processing

There are 2 waste streams that feature high on Telenet's list of priorities. Firstly, there is the waste stream originating from Telenet itself, and secondly, the waste stream generated in customers' homes. Telenet pays to have some of its waste processed correctly, but the company intends to take waste reduction just that step further. Besides reducing the waste generated by old modems and set-up boxes, Telenet also aims to cut back on its other types of waste. There are already standard procedures in place to professionally recycle waste streams, such as batteries, electrical boards, fire extinguishers, cooling equipment, transformers, cabling, coolant fluid, diesel and lubrication oil. To organise all of this, Telenet collaborates with various collection agencies, who either recycle the goods themselves or who outsource this work to others. For waste processing purposes, Telenet works in collaboration with two major players, i.e. SIMS Recycling Solutions and SITA. Telenet is also making major efforts to improve its waste stream record-keeping.

In order to ensure that all of the waste at customers' homes is processed correctly, Telenet has joined forces with various government accredited agencies. For every Telenet product purchased, Recupel and Bebat receive a contribution. This then automatically pays for the correct processing of batteries and the collection and recycling of redundant electrical appliances. As a result, customers can take their old equipment to waste recycling sites. For any other waste streams, i.e. packaging and advertising literature, Telenet pays an annual fee to FostPlus, Val-i-Pac and the non-profit waste paper organisation 'vzw Interventiefonds oud papier'.

Smart Packaging

Since January 2013, we have been presenting our latest HD digicorder model in a slightly different jacket. Its cardboard box is now smaller, more efficient, and last but certainly not least, more

Electronic payslip

(versus 2010)

53.61%
2012

↑

2.59%
2010

Number of prints

2007	7,078,030	
2011	5,042,806	-28.75%
2012	4,500,000	-36.42%

(versus 2010)

environmentally-friendly. This is saving us no less than 179 tons in paper and cardboard packaging waste a year, and 600 CO_2. The box comes with a convenient handle so that our customers can take it away easily, without any need for a carrier bag. As soon as this whole process is complete and all of the decoders will be packaged in this way, it will yield a saving of €3 million a year.

Paper: Increased Electronic Processing

For several years now, Telenet has been working on a whole host of initiatives to reduce its paper usage. In addition, we are doing our utmost to also involve our stakeholders, such as our customers and suppliers, in rationalising their paper consumption.

In our offices, secure printing or badge printing has been introduced to maximise double-sided printing and to print less in general. This project was first launched in 2007, and its effects have been fully visible since 2012, and will now remain more or less stable. As a result, we will be printing 11% less compared to 2011 and 36% less compared to 2007.

The Suppliers' Accounts Department is already saving significant amounts of paper by processing 30,000 invoices electronically. At present, we are in the throes of an ambitious computerisation project which has been designed entirely in-house to also receive the remaining 40,000 paper invoices by electronic means. Our aim for 2014 is to process all suppliers' accounts in this way. An added advantage of this computerisation process is that it enables the team to work remotely.

It is also our ambition to fully computerise our network drawings by 2020, which represents an investment of some €5 million. Printing the plans currently requires 100,000 m^2 of paper per annum, the equivalent of 15 football fields. This ambition fits into the Flemish regional plans to provide a platform for all the utility companies and contractors to exchange network drawings electronically. In addition, we are also working on computerising the
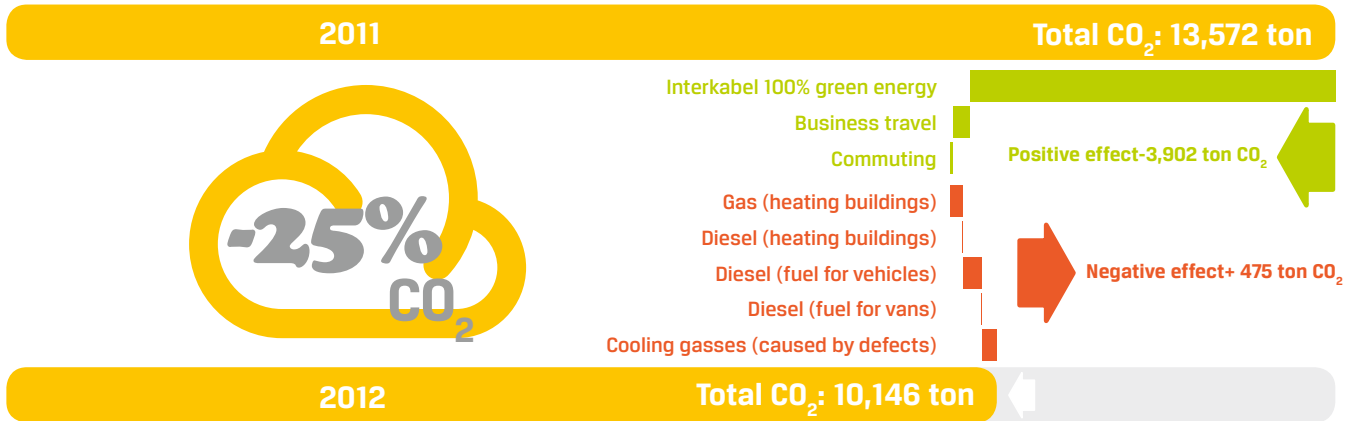
requests for drawings from contractors. Instead of printing the drawings and forwarding them by post, we are making the digital drawings directly available on a portal site. This is beneficial for the contractors as it provides them with immediate access to the drawings. We have thus significantly reduced our printing and only a quarter of the total number of drawings requested are still being printed.

Paper invoices to residential and business customers have already been reduced by a third. At the end of 2012, 666,290 residential customers, representing more than 32% of our total customer-base, are receiving their invoices electronically. In 2009, this number still stood at 399,000, i.e. 14%. Telenet is innovating and investing in Doccle, a start-up business which is building a platform for users to exchange, complete and archive documents from various suppliers in a uniform and clearly identiable way.

In addition, Telenet has also entered into a collaboration with the organisation WeForrest to encourage customers to switch to electronic invoicing. Telenet will be planting a tree for every customer who switches over to so-called 'e-billing'. As a result of this campaign, we will be planting no less than 100,000 trees in Senegal.

Since May 2010, Telenet has also switched over to FSC paper for internal use. This paper originates from sustainably managed woods. Telenet now uses 100% FSC. Based on our paper usage of 25 tons of paper in 2009, this represents a saving of 5 tons of CO_2 per annum.

Since June 2012, approx. 200,000 Telenet customers have been receiving their PRIME Guide and Digital TV Magazine electronically. The electronic guides are not only more user-friendly but also more interactive for the reader. This has reduced our printing and distribution by almost 261 tons in CO_2.eq.

2011 — Total CO_2: 13,572 ton

Interkabel 100% green energy
Business travel
Commuting
Gas (heating buildings)
Diesel (heating buildings)
Diesel (fuel for vehicles)
Diesel (fuel for vans)
Cooling gasses (caused by defects)

Positive effect -3,902 ton CO_2

Negative effect + 475 ton CO_2

-25% CO_2

2012 — Total CO_2: 10,146 ton

Total Overview

Telenet classifies its CO_2 footprint into three main categories, based on the World Business Council for Sustainable Development Greenhouse Gas Protocol.

Category 1: Direct energy sources, such as fuel (gas, diesel, heating oil, etc.).

Category 2: Indirect energy sources, such as electricity.

Category 3: Other energy sources, i.e. business trips and home-work commuting.

In 2012, Telenet reduced its category 1 and category 2 CO_2 emissions down to 10,061 tons; an improvement of 11% compared to 2010. Including category 3, its CO_2 emissions amounted to 10,146 tons CO_2eq.; a 25% improvement compared to 2011. Telenet's total CO_2 emissions have therefore been reduced by almost 60% in comparison to 2007. This represents a cumulative saving of some 55,000 tons of CO_2 since 2007.

For reporting its CO_2 emissions, Telenet complies with the guidelines of the Carbon Disclosure Project. This is an independent non-profit organisation that works towards reducing greenhouse gas emissions and ensuring sustainable water usage by organisations and cities. They offer a system for thousands of companies and cities to measure, publish, manage and share their environmental data.

CO_2-Compensation

In order to finally fill the gap between its current CO_2 performance and its ambitious objectives, the company will plant new forests by way of compensation. After all, trees reduce the CO_2 in the atmosphere and help in the fight against climate change. In 2011, Telenet has planted impressive woods of no less than 5 hectares in Flanders, located in Moerbeke Waas. This is in support of the 1 Million Trees campaign organised by Bos+.

In addition, we are supporting a reforestation project in Ecuador. The project area on both sides of the Rio Mira aims to re-instate the forest, where significant areas have been cut away since the middle of the last century. In addition, the project benefits the local population in many different ways. On the one hand, the new forest stimulates the regeneration of the local flora and fauna, and on the other hand, it produces shade, clean air and a variety of foodstuffs. It also provides employment for the local population. For this particular venture, we are collaborating with the nature organisations Bos+ and Bos+tropen, and with local NGO's.

Priority

Our Customers' Energy Usage

Telenet is doing its utmost to ensure that its modems and decoders at its customers' homes use as little energy as possible. Whenever we replace a set-up box component, we always investigate how we can further reduce energy usage. Our most recent set-up boxes are 20 x more energy efficient compared to the first generation of these devices marketed by Telenet. Given that increasing numbers of households now have this new type of box, our customer-base is now 4% more energy efficient overall.

The trees of Telenet

Belgium
10,000 Trees

Senegal
100,000 Trees

Ecuador
500,000 Trees
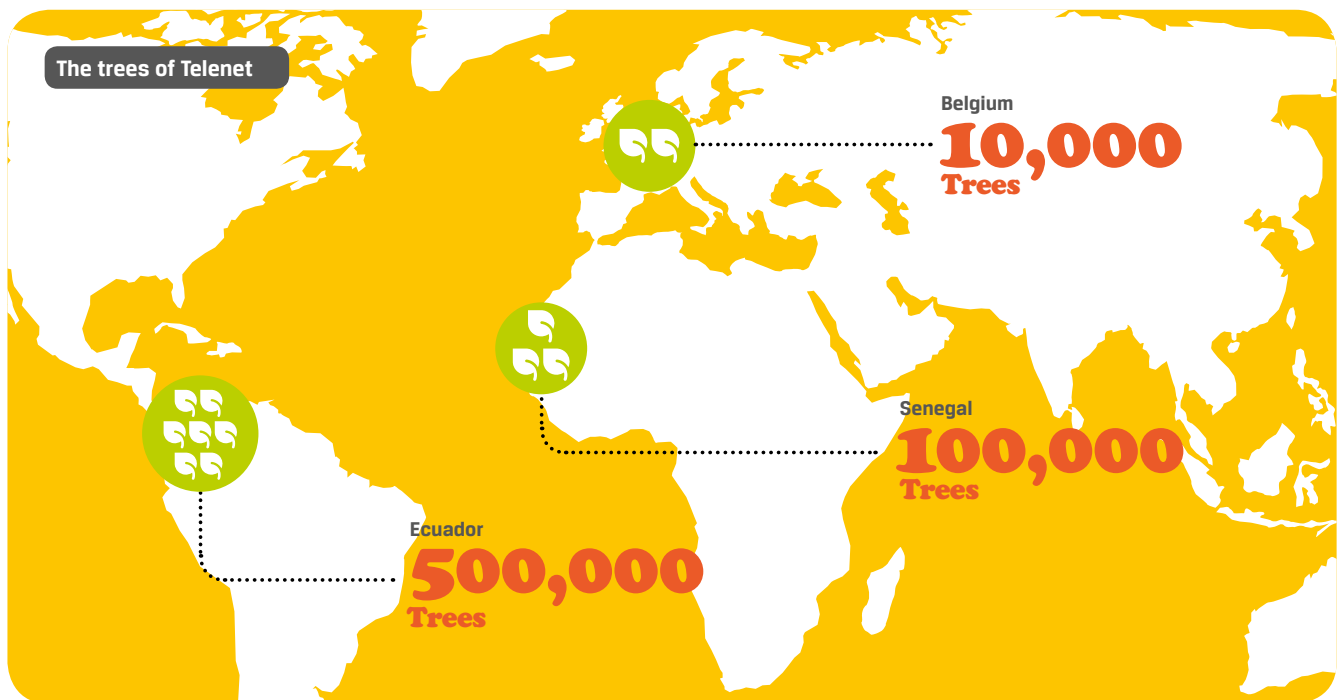
Our Customers' Energy Usage

Settopboxen

Telenet is focusing on reducing its customers' energy usage and is therefore investing in various initiatives. The latest hard disk set-up boxes will automatically switch off if left on standby for prolonged periods of time. Furthermore, a special functionality has been rolled out for this set-up boxes, enabling customers to switch to the 'smart energy setting'. This means that their decoder will be using less than 1W on standby. The most recent design of set-up boxes is also 20x more efficient compared to the first generation of these devices ever marketed by Telenet. Given that increasing numbers of households now have this new type of box, our customer-base is now 4% more energy efficient overall, while the number of connected clients increased by 21%. Calculated per set-top box we reduced the CO_2 use in 2012 by 6% compared to 2011.

In 2010, we entered into a so-called voluntary agreement in order to accelerate the use of more efficient set-up boxes. These are in fact mutual agreements entered into by the industry and the European Union. Any set-up boxes currently delivered by Telenet fully comply with this voluntary agreement.

Modems

In 2012 we placed 9% more modems at our customer's homes. Our newest wireless modem Home Gateway 3.0 caused with his "3-in-1" (Internet, telephony and Wi-Fi) approach an improvement of energy efficiency by modem of 4% compared to 2011.

Everybody contributes

"Together with several partners Telenet aims to achieve a sustainable entrepreneurship."

Our Partners

Working on the future: it's something we can't do alone. Every day we work together with various partners to ensure that our customers enjoy the most innovative products and services. We must not only understand what drives our customers and employees, but also our shareholders, suppliers, regulators and other stakeholders in the community.

Suppliers

Telenet actively involves its suppliers in its striving for sustainable enterprise. The main principles of the sustainable suppliers policy have been drawn up in collaboration with its main shareholder Liberty Global, Inc. Telenet takes ethical, environmental and social considerations into account in its purchasing decisions. Those considerations relate to optimum pricing, quality and availability, but also the environmental and social aspects of the origin of the products and services. After all, the environmental impact of the products and services which we purchase from our suppliers is just as important as that of the products and services which we supply.

The main principles of our sustainable suppliers policy will be applied to approx. 3,000 of Telenet's suppliers by the end of 2012. In the course of 2012, the top 500 will be offered a corporate responsibility survey (self-audit). They represent 17% of our suppliers and 90% of our supplier expenditure. Every quote will refer to this supplier policy as standard and those tendering will be expected to supply all the necessary information about the following aspects, for example:

Social aspects on their own shopfloor;

Compliance with legislation and child labour regulations

Optimising transport;

The environmental aspects of the supplier's own business operations.

When selecting our suppliers, the above-mentioned aspects carry relatively a lot of weight, besides the price quoted and the quality for the goods or services to be supplied.

In 2012 Telenet has moved its purchasing closer in line with that of its majority shareholder Liberty Global. By using shared suppliers, synergies are achieved in the areas of technology and finance. Telenet and Liberty Global use [figure/percentage] shared suppliers for set-top boxes among other things. This has enabled Telenet to make savings in 2012 of [amount/percentage/proxy].

Telenet is a member of the Global e-Sustainability Initiative, known as `GeSi' for short (www.gesi.org) since March 2013. GeSi is a leading source of impartial information, resources and best practices for achieving integrated social and ecological sustainability through ICT. GeSi promotes innovative approaches to sustainability jointly with members of the foremost ICT companies and organisations around the globe. It supports initiatives in both developed and developing countries in order to respond rapidly and effectively to issues such as climate change, energy efficiency, e-waste management and efficient use of resources, responsible practices in supply chain management and human rights.

Telenet takes part in several working parties on the theme of supply chain improvement.

One such working party is E-TASC (Electronics - Tool for Accountable Supply Chains). E-TASC was launched in 2007 as a sustainable solution for businesses to efficiently implement a joint approach to the problem of evaluating and managing supply chain risks and find what it is that ensures improvement in performance.

We are in addition also active in further developing CSR potential in supply chains. Telenet participates in the development of training modules and other learning resources for ICT companies and their suppliers in order to create greater awareness of social and ecological issues and to help implement change management programmes.

In 2012 Telenet became the Ambassador for VLAB, the Flemish organisation for Protected Workplaces as a result of working together with IMSIR, a sheltered workshop in Boom.

Policy-makers

Telenet attaches a great deal of importance to its relations with policy-makers, and this at all levels. We regularly enter into discussion with this target group in order to establish a durable exchange of ideas and knowledge. Our dialogue with legislators and the authorities mainly involves topics that are important to the entire industry, such as regulations and investment policy.

Global operations

Europe

Netherlands
Ireland   Germany   Poland
Belgium   Slovaka
Switzerland   Hungary
Austria
Csech Republic   Romania

The Americas

Puerto Rico

Chile

In its debate with stakeholders, Telenet draws attention to the main issues. These are all allocated a level of priority based on strategy and stakeholders' interests.

To generate contacts, Telenet is affiliated to a number of specialist trade organisations, which put forward the various perspectives of the entire industry, or of the individual sectors. For example, Telenet attends meetings with other businesses in the industry via platforms, such as ISPA, Cable Belgium, Cable Europe and the Telecom Operators and Service Providers Platform.

With a view to promoting an open dialogue with policy-makers, Telenet has produced a guide on investment, innovation, growth, competition, employment, social involvement and media pluralism. Electronic communications are an important market to Belgium and the Belgian economy. Following years of sustained investment and innovation, Telenet has managed to carve itself a niche in this market. However, we still face major challenges. This is why we call upon the policy-makers to conduct a forward-looking, powerful and balanced (tele)communications policy that promotes both innovation and investment. Telenet has not resorted to the use of external lobbyists. Telenet does not support any political parties, in accordance with Belgian legislation. Furthermore, we have not spent any money on political contributions.

Liberty Global

Liberty Global is the leading international cable company, with operations in 13 countries, of which 11 in Europe. In Belgium Liberty Global is the majority shareholder of Telenet. Liberty Global's worldwide revenues amount to 10.3 billion dollar and the company has 22,000 employees (2012). Liberty Global connects people to the digital world and enables them to discover and experience its endless possibilities. Its market-leading television, broadband internet and telephony services are provided through next-generation networks and innovative technology platforms that connect 20 million customers who subscribe to 35 million services. Liberty Global's consumer brands include Telenet, UPC, Unitymedia, Kabel BW and VTR. The company's operations also include Chellomedia, the content division, UPC Business, the commercial services division, and Liberty Global Ventures, the investment fund.

Benefits for Telenet

Telenet benefits hugely from this direct connection with Liberty Global. It gives us access to the vast global knowledge network built up by Liberty Global. This broad international collaboration bears fruit, especially in terms of product innovation.

Benelux	United Kingdom	Total
8	18	26

Positive	Neutral	Negative	No rating	Total
9	14	1	2	26
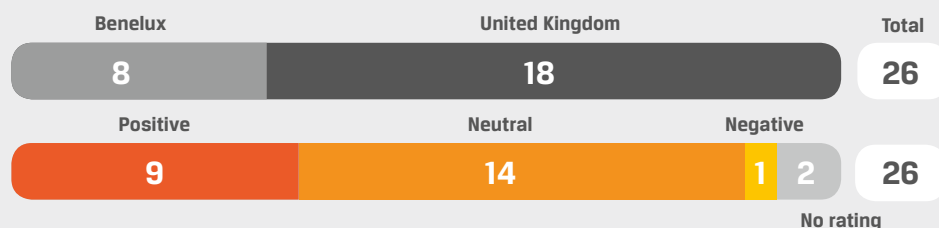
Investors - Information about the Telenet share

ID of the Telenet share

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

Investor Relations

Telenet remains committed to high-quality and transparent financial reporting. Telenet's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("IFRSs as adopted by the EU"), while the Company also complies with requirements of the US Sarbanes-Oxley Act. Telenet reports a detailed set of financial results on a quarterly, semi-annual and annual basis.

In 2012, Telenet continued its regular, open and intensive dialog with existing and potential shareholders, institutional and retail investors, other capital providers and their intermediaries, and buy-side and sell-side financial analysts. At December 31, 2012, Telenet was actively covered by 26 sell-side analysts throughout Europe, spread between the United Kingdom and the Benelux region. Telenet's Investor Relations department acts as a professional intermediary between the financial community and the Company, catering for a coherent, transparent and in-depth understanding of the Company's business and ensuring regular access to the Company's senior management.

As part of Telenet's communication strategy towards the financial community, presentations for, and meetings with, investors and financial analysts are held on a regular basis, including those in connection with the announcement of Telenet's financial results. Following the release of its financial results, Telenet hosts a conference call and webcast for investors and financial analysts, during which senior management addresses their main questions and issues. This presentation is broadcast real-time through Telenet's 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, Telenet's Investor Relations department fulfill investors' demand for senior management access through regular roadshows, onsite visits and major investor conferences within the telecommunications and cable sector. The roadshows Telenet organizes and the conferences it attends seek to cover the most important financial centers in both Europe and the United States and consist of both individual meetings and smaller group meetings. In 2012, Telenet hosted 12 roadshows for institutional investors and participated to 19 conferences with a growing emphasis on sector and/or thematic conferences through which Telenet is able to interact directly with dedicated investors and industry specialists. In addition, Telenet hosted 9 so-called reverse roadshows with institutional investors and analysts directly visiting the Company's headquarters in Mechelen. Finally, in April 2012, Telenet participated to the VFB Happening, which is the largest retail investor event in Belgium. As a result, Telenet conducted over 300 investor meetings in 2012, which reflects the increased interest of the financial community for its business and Telenet's accommodating stance with regards to senior management access. Finally, Telenet's Investor Relations department dealt with over 110 investor and analyst conference calls in 2012, often either in preparation or as a follow-up to meetings with senior management.

Share price - Roadshows

United States	United Kingdom	Benelux	Otheer	Total
3	52	2	2	12
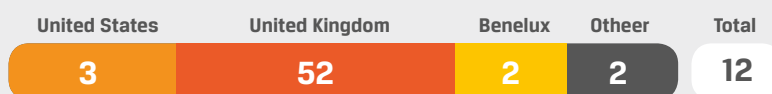
Share price - Conferences

High Yield & Leveraged Finance	Kabel / Telecom	Benelux	CSR	Retail	Total
4	9	4	2	1	20

Telenet's Investor Relations strategy has been widely recognized for its accessibility, transparency and timeliness. In 2012, Telenet won the Thomson Extel award in the category 'Best financial communication Belgium' for the second consecutive time. This prestigious award, which is awarded each year in June by a wide range of national and international investors and analysts, recognizes Telenet's efforts in the area of Investor Relations.

Shareholder structure

The shareholder structure of the Company as at December 31, 2012, based on the shareholders register of the Company and all transparency declarations received by the Company, is summarized in the table below. The shareholder structure of the Company as at December 31, 2012 does not take into account the results of the voluntary and conditional take-over bid by Binan Investment B.V. on the remaining outstanding shares of Telenet, of which the results were announced on January 18, 2013. Additional information about the Company's shareholder structure can be found in Note 7.3.3 Shareholders, included in this Annual Report. The most recent shareholder structure can be retrieved from our investor relations website http://investors.telenet.be.

Shareholder structure

Shareholders	Outstanding shares	Percentage	Warrants	Total (fully diluted)	Percentage (fully diluted)
Liberty Global Consortium (*)	56,844,400	50.12%		56,844,400	48.10%
BNP Paribas Investment Partners SA	5,592,018	4.93%		5,592,018	4.73%
Omega Advisors, Inc.	3,805,363	3.36%		3,805,363	3.22%
Norges Bank	3,577,683	3.15%		3,577,683	3.03%
Employees (**)	358,603	0.32%	4,781,009	5,139,612	4.35%
Own shares	220,352	0.19%		220,352	0.19%
Public (***)	43,010,117	37.92%		43,010,117	36.39%
TOTAL	**113,408,536**	**100.00%**	**4,781,009**	**118,189,545**	**100.00%**

(*) Including 94,827 liquidation dispreference shares
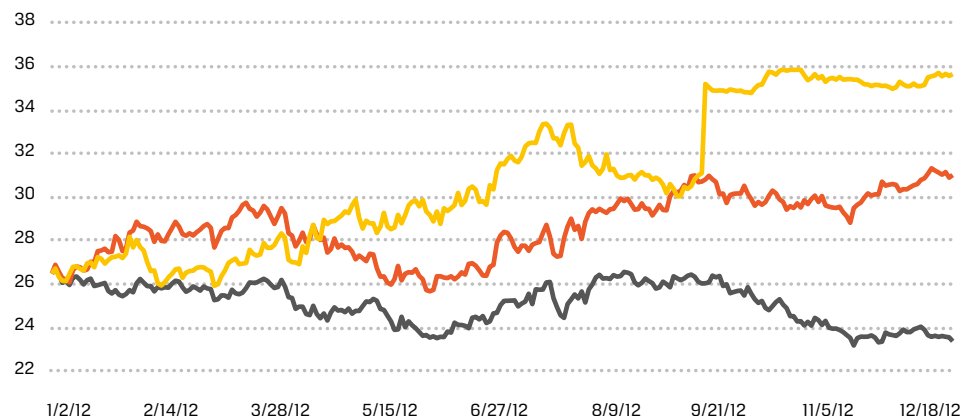(**) The number of warrants includes 1,595,300 ungranted warrants.
(***) Including 16 Liquidation preference shares held by Interkabel Vlaanderen CVBA and 30 golden shares held by financing intermunicipalities.

Telenet vs main indices

Telenet (in €)
Bel20 index (rebased to TNET)
DJ Stoxx Telecom (rebased to TNET)

Shareholder disbursement

On August 13, 2012, the Company announced additional debt facilities in an aggregate amount of €700.0 million that were envisaged to be used entirely to fund the proposed share buy-back program in the form of a conditional voluntary tender offer pursuant to the Law of April 1, 2007 on tender offers and the Royal Decree of April 27, 2007 on tender offers (the "Royal Decree") announced by the Company earlier that day (the "Telenet Self Tender"). The additional debt facilities fit within the Company's intention to increase its net leverage ratio to approximately 4.5x. As a result of the voluntary tender offer by Binan Investments B.V., announced on November 6, 2012 and closed on January 18, 2013 (the "Binan Bid"), the Telenet Self Tender has been cancelled.

In the absence of acquisitions and/or a significant change in our business model, the Company's view is to return excess cash to shareholders. At December 31, 2012, the Company had access to €1,064.3 million in excess cash and unutilized capacity under its revolving credit facility.

The Company confirms its intention that future shareholder remuneration will consist mainly of share repurchases. However, in the current market circumstances and taking into account the limitations set forth in the Royal Decree, the Company deems it difficult to implement this strategy.

As a result, for 2013, the board of directors will propose to the shareholders' meeting of April 24, 2013 to proceed with a shareholder return of approximately €950.0 million. The return will include (i) a shareholder disbursement of €900.0 million, representing approximately €7.90 per share, and (ii) a share buy-back of up to €50.0 million. The proposed shareholder disbursement will be subject to withholding tax. If the distribution is approved by the shareholders' meeting on April 24, 2013, the board will communicate the precise date for pay-out soon thereafter. In addition, the board of directors has approved a share buy back program of up to €50.0 million, which will complement the aforementioned shareholder disbursement.

Share price evolution

Telenet IPO'ed on the NYSE Euronext in October 2005. Since its IPO, Telenet's shares have achieved a stellar return of 359%, including the capital reductions paid by the Company in respectively 2007, 2009, 2010, 2011 and 2012. In March 2009, Telenet joined the national Bel20 index and a year later Telenet was admitted to the European benchmark DJ Stoxx 600. In September 2011, Telenet was the sole Belgian company to be admitted to the Dow Jones Sustainability Europe and World indices, which is a leading benchmark in the area of sustainability. One year later, Telenet was named "super sector leader" within the global media sector. In March 2012, Telenet joined the FTSE4Good index, another well-known

1 Article 45 of the Royal Decree states that during a period of one year following the closure of a bid (i.e. until January 18, 2014) no securities that were subject to the Binan Bid can be purchased by Binan Investments B.V. (or its connected persons, including the Company), at conditions that are more advantageous as the conditions offered in the Binan Bid unless such more advantageous conditions are also offered to the investors who tendered their securities in the Binan Bid.
2 Equivalent to €900.0 million, based on the number of outstanding shares on February 11, 2013 (113,810,554).

CSR benchmark. Finally, Telenet was admitted to the MSCI Belgium index on May 31, 2012.
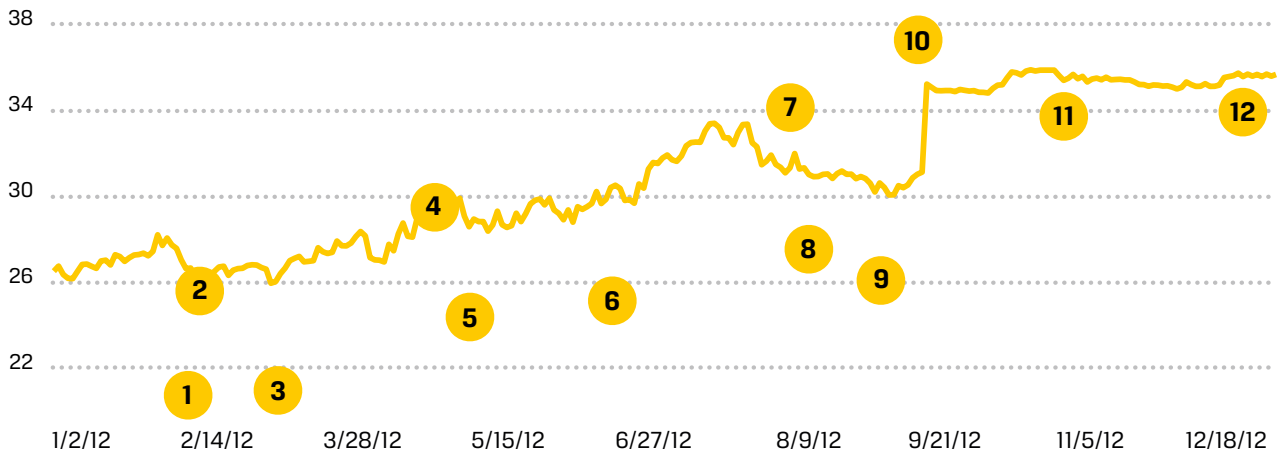
Also in 2012, Telenet's shares continued their positive trend and ended the year with a return of 34.6%. Telenet's stock market performance was supported by robust net new subscriber growth for its advanced fixed services of digital TV, broadband internet and fixed telephony, the launch of new competitive rate plans for mobile telephony, solid organic top line growth and an active management of the Company's net leverage ratio. As such, Telenet's shares outperformed the Bel20 index over the same period by 17.1%. Especially relative to the European telecoms sector, Telenet's shares showed a noticeable outperformance of 46.3%. The European telecoms sector continues to be pressured by the negative impact resulting from regulation, increased competition from alternative carriers, including cable operators, and additional investments in fixed and mobile networks in order to be able to face new technologies. As a result, several European telecoms operators were forced to substantially cut their dividend payments to shareholders in the course of 2012. Cable operators, such as Telenet, on the contrary, continue to enjoy superior growth driven by sustained growth in the number of multiple-play subscribers, broadband internet, digital and premium cable TV and mobile telephony subscribers. For 2013, analysts generally remain upbeat about the cable industry given the more advanced cable network, through which cable customers can obtain superior speeds over a (V)DSL line, superior growth perspectives and an active use of the net leverage ratio.

The chart below plots Telenet's share price performance for the year 2012, including the main accomplishments and highlights of the year.

Telenet (in €)

1. Issuance of €175.0 million of additional debt under the Senior Credit Facility
2. Proposed shareholder disbursement of €4.25 per share and Share buy-back Program 2012 of €50.0 million
3. Further roll-out of WiFi Homespots and analog channel reshuffle
4. AGM/EGM approves proposed shareholder disbursement
5. Telenet and Mobistar extend strategic partnership to 2017
6. All Jupiler Pro League fixtures on Sporting Telenet and launch of Teletenne

7. Launch of "King" and "Kong" mobile telephony rate plans
8. Announcement of Voluntary Self Tender Offer and issuance of €700.0 million of additional debt
9. Negative ruling in summary proceedings on cable regulation
10. Voluntary and conditional cash offer by Liberty Global on the shares of Telenet
11. Announcement of FY 2013 outlook
12. Telenet reaches milestone of 500,000 mobile telephony subscribers

Financial Calendar

Annual General Shareholders Meeting
2013 24 april

Q1 2013 Earnings release (5.45pm CET)
2013 25 april

H1 2013 Earnings release (5.45pm CET)
2013 25 july

9M 2013 Earnings release (5.45pm CET)
2013 24 october

Note that these dates may be subject to change.

Accountability

Scope

This integrated annual report clarifies the business activities and data from all the various sections of the Telenet company for the full calendar year 2012 and early 2013. Any mention of Telenet, we, the company, the business, the group or the operation in this report, means the Telenet Group Holding NV, including its operating companies, and within the context of the Belgian market commitment.

Commitment

By means of this document, Telenet aims to provide a truthful report on the economic, social and ethical activities and environmental performance that are most relevant to the company. In this annual report, Telenet outlines an overview of the current state of affairs of the business and the efforts made and the new initiatives which are being developed to implement the company's objectives. In terms of sustainability management, Telenet strives to comply with the general principles of inclusion, materiality and responsiveness. Where Telenet considers this relevant, the data has been audited by an independent auditor.

GRI Guidelines

Telenet has compiled this report based on the guidelines for sustainability reporting of the Global Reporting Initiative (GRI). A GRI and COP index with accurate references to the corresponding information can be found at our corporate website www.corporate.telenet.be/sustainability as of June. This report complies with GRI level B.

Do you have any suggestions or comments concerning this report? If so, then please contact **isabelle.geeraerts@staff.telenet.be**

telenet