Working on your future

Financial report 2012

telenet

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Consolidated annual report of the board of directors for 2012 to the shareholders of Telenet Group Holding NV

The board of directors of Telenet Group Holding NV has the pleasure to submit to you its consolidated annual report of the year ended December 31, 2012, in accordance with Articles 96 and 119 of the Belgian Company Code.

In this report, the board of directors also reports on relevant corporate governance matters as well as certain remuneration matters. In accordance with article 3 of the Law of April 6, 2010 and with the Royal Decree of June 6, 2010, the board of directors has decided to adopt the 2009 Belgian Corporate Governance Code as the reference code for corporate governance matters.

Definitions

Adjusted EBITDA: EBITDA is defined as profit before net finance expense, income taxes, depreciation, amortization and impairment. Adjusted EBITDA is defined as EBITDA before stock-based compensation and restructuring charges, and before operating charges or credits related to successful or unsuccessful acquisitions or divestures. Operating charges or credits related to acquisitions or divestures include (i) gains and losses on the disposition of long-lived assets and (ii) due diligence, legal, advisory and other third-party costs directly related to the Company's efforts to acquire or divest controlling interests in businesses. Adjusted EBITDA is an additional measure used by management to demonstrate the Company's underlying performance and should not replace the measures in accordance with International Financial Reporting Standards as adopted by the EU ("EU IFRS") as an indicator of the Company's performance, but rather should be used in conjunction with the most directly comparable EU IFRS measure.

Accrued capital expenditures: Accrued capital expenditures are defined as additions to property, equipment and intangible assets, including additions from capital leases and other financing arrangements, as reported in the Company's consolidated statement of financial position on an accrued basis.

Free Cash Flow: Free Cash Flow is defined as net cash provided by the operating activities of Telenet's continuing operations less (i) purchases of property and equipment and purchases of intangibles of its continuing operations, (ii) principal payments on vendor financing obligations, (iii) principal payments on capital leases (exclusive of network-related leases that were assumed in acquisitions), and (iv) principal payments on post acquisition additions to network leases, each as reported in the Company's consolidated statement of cash flows. Free Cash Flow is an additional measure used by management to demonstrate the Company's ability to service debt and fund new investment opportunities and should not replace the measures in accordance with EU IFRS as an indicator of the Company's performance, but rather should be used in conjunction with the most directly comparable EU IFRS measure.

Customer relationships: Customer relationships are equal to the sum of analog and digital basic cable TV subscribers on the Combined Network, including the network covered by the long-term lease with the pure intermunicipalities.

ARPU: Average monthly revenue (ARPU) per revenue generating unit (RGU) and ARPU per customer relationship are calculated as follows: average total monthly recurring revenue (including revenue earned from carriage fees and set-top box rentals and excluding interconnection revenue, installation fees, mobile telephony revenue and set-top box sales) for the indicated period, divided by the average of the opening and closing RGU base or customer relationships, as applicable, for the period.

Net leverage ratio: Net leverage ratio is calculated as per the Senior Credit Facility definition, using net total debt, excluding (a) subordinated shareholder loans, (b) capitalized elements of indebtedness under the Clientele and Annuity Fees, (c) any finance leases entered into on or prior to August 1, 2007, and (d) any indebtedness incurred under the network lease entered into with the pure intermunicipalities up to a maximum aggregate amount of €195.0 million, divided by last two quarters' annualized EBITDA.

Important Reporting Changes

Reclassification of INDI subscribers: As of January 1, 2012, subscribers to Telenet's INDI platform, which Telenet acquired in October 2008 as part of the Interkabel Acquisition, are no longer recognized as Digital Cable TV subscribers given the non-interactive status of the INDI platform and the fact that these subscribers generally do not generate incremental revenue. As of January 1, 2012, all INDI subscribers are accounted for as Analog Cable TV subscribers. For comparative reasons, Telenet has retroactively applied the change to the prior year periods. This reclassification does not affect the total number of basic cable TV subscribers Telenet reports, nor the segmented cable television revenue Telenet reports.

Reclassification of mobile telephony subscribers: Effective Q2 2012, Telenet's mobile telephony subscriber count includes customers who subscribe to data-only mobile plans, which represent 12,500 and 7,600 subscribers as of December 31, 2012 and December 31, 2011, respectively. Following the change, Telenet's mobile telephony subscriber count reflects the number of SIM cards delivered to customers. For comparative reasons, Telenet has retroactively applied the change to the prior year periods.

Free Cash Flow: As from the Q4 2012 reporting, Telenet has changed its definition of Free Cash Flow, aligning with the definition used by Telenet's controlling shareholder Liberty Global, Inc. As from Q4 2012, Free Cash Flow is reduced by the principal payments on post acquisition additions to network leases, as reported in the Company's consolidated statement of cash flows. See above for the current definition of Free Cash Flow. The retroactive implementation of the new Free Cash Flow definition as from January 1, 2011 onwards would have reduced the Company's Free Cash Flow for the year ended December 31, 2011 by €3.0 million.

1 Information on the Company

1.1 Overview

Telenet is the largest cable television operator in Belgium. Telenet's hybrid fiber-coaxial ("HFC") cable network spans the Flanders region, covers approximately 61% of Belgium by homes passed and includes the metropolitan centers of Antwerp and Ghent and approximately one-third of Brussels. Telenet's shares are listed on the Euronext Brussels Stock Exchange under the ticker symbol TNET and it is part of the BEL20 stock market index.

Telenet offers analog and digital cable television and digital pay television, including high definition ("HD") and on-demand television, high-speed broadband internet and fixed and mobile telephony services to residential subscribers who reside in Telenet's network area. Telenet also combines its services into packages, or bundles, which offer subscribers the convenience of being able to purchase television, broadband internet and telephony services from a single provider at an attractive and discounted price. In addition, Telenet offers voice and data services, as well as value-added services including cloud, hosting and security solutions, to small, medium-sized and large businesses throughout Belgium and parts of Luxembourg.

As of December 31, 2012, Telenet had 2,122,700 unique residential subscribers, which represented approximately 74% of the 2,868,800 homes passed by its network. As of December 31, 2012, all of Telenet's 2,122,700 unique residential subscribers subscribed to its basic cable television services, 1,387,700 subscribed to its broadband internet services and 968,700 subscribed to its fixed telephony services. In addition, approximately 74% of its basic cable television subscribers had upgraded from analog to digital television, and 521,600 customers subscribed to its mobile telephony services. For the year ended December 31, 2012, Telenet's total revenue was €1,488.8 million, an 8% increase over the year ended December 31, 2011, and its Adjusted EBITDA was €777.8 million, an 8% increase over the year ended December 31, 2011.

Telenet's business was founded on the provision of high-speed broadband internet and fixed telephony services, but following its acquisition of the cable television businesses of the mixed intermunicipalities (the "MICs") in 2002, the provision of standard cable television services became its largest business activity. Because consumers are increasingly looking to receive all of their media and communications services from one provider at attractive prices, Telenet has been increasingly focused on offering its subscribers broadband internet and telephony subscriptions and services together with its basic cable television services in the form of attractively priced multiple-play bundles. Telenet has derived, and believes it can continue to derive, substantial benefits from the trend towards bundled subscriptions, through which it is able to sell more products to individual subscribers, resulting in significantly higher average monthly subscription revenue per revenue generating unit ("ARPU") and, in its experience, the reduction of customer churn. For the year ended December 31, 2012, Telenet's ARPU per customer relationship was €45.9 per month, a €3.8 per month increase over Telenet's ARPU per customer relationship for the year ended December 31, 2011.

Telenet's entire cable network has been upgraded to bi-directional capability, is fully EuroDOCSIS 3.0 enabled and provides a spectrum bandwidth capacity of 600 MHz. In February 2010, Telenet announced its "Digital Wave 2015" upgrade project, under which it will split optical nodes thereby gradually reducing the number of homes connected to an optical node from an average of 1,400 homes per node to an average of 500 per node by 2015. This increase in the number of nodes throughout Telenet's footprint will allow Telenet to build a next-generation network, with increased download and upload speeds, supporting new internet applications and enhanced services and technology. At the end of 2012, an average of 740 homes was connected to each optical node, down from approximately 1,400 homes at the start of the project in 2010. As not all homes connected subscribe to broadband internet services from Telenet, the number of active broadband households per optical node approximated 350 at December 31, 2012.

Prior to October 2008, Telenet offered all services to the approximately 1,933,000 homes passed by its network but was only able to offer broadband internet and telephony services to the approximately 829,500 homes passed by the network owned by Interkabel and the pure intermunicipalities (the "PICs") which encompasses about one third of Flanders (the "Partner Network" and together with Telenet's network, the "Combined Network"). Pursuant to an agreement entered into on June 28, 2008 between Telenet, Interkabel, INDI ESV and four PICs in Flanders (the "PICs Agreement"), which effectively closed in October 2008, Telenet acquired full rights to use substantially all of the Partner Network under a long-term lease (*erfpacht/emphytéose*) for an initial period of 38 years, for which Telenet is required to pay recurring fees in addition to the fees paid under certain pre-existing agreements with the PICs. The PICs remain the legal owners of the Partner Network. Following the PICs Agreement, Telenet now has the direct customer relationship with the analog and digital television subscribers on the Partner Network and is able to make all of its services available to all of the homes passed in the Partner Network.

1.2 Basic cable television

Basic cable television is the principal medium for the provision of television services in Flanders and Telenet is the largest provider of cable television services in Belgium. Almost all Flemish television households are passed by the Combined Network. The high penetration of Telenet's basic cable television business has resulted in a steady source of revenue and cash flow. Currently, Telenet's main source of competition is with the Belgian incumbent's IPTV platform as traditional terrestrial broadcasting and direct-to-home satellite broadcasting are less popular in Flanders or elsewhere in Belgium.

Telenet's basic cable television subscribers have access to at least 21 basic analog television channels and an average of 26 analog radio channels. To facilitate the growing trend towards digital TV, new internet applications and higher broadband speeds in the future, Telenet has partially reduced the bandwidth allocated to analog channels in 2012. Telenet generally provides its basic cable television services under individual contracts with its subscribers, the majority of whom pay on a monthly basis. Subscribers to Telenet's basic cable television service pay a single monthly subscription fee for basic tier content, irrespective of the broadcasting format or number of channels received in the basic tier. Telenet charges its basic tier cable television subscribers an average monthly fee of €9.93, excluding 21% VAT and copyright fees described below. The copyright fee of €2.63 per month, excluding 21% VAT, helps to offset copyright fees paid by Telenet to copyright collection agencies for certain content provided by the public broadcasters that is retransmitted over the Combined Network. Approximately 26% of Telenet's subscribers pay for their basic cable service in advance on an annual basis as they only subscribe to Telenet's analog television offer, with the remainder paying on a monthly basis.

Telenet regularly reviews its pricing policy, carefully weighing the current and future economic and competitive environment. Historically, Telenet has been able to increase the subscription fee for its basic cable television service to offset inflationary impacts on its cost base. In January 2011, Telenet submitted an application to the regulator to increase its basic cable television subscription fee, which was granted in May 2011. In October 2011, Telenet effectively increased its subscription fee by an average 4.2% (€0.55 per month) and raised the associated copyright fee by €0.25 per month on average. In February 2013, Telenet increased its tariffs for certain fixed services, with the exception of analog and digital cable television, by an average 2.9% in response to the increased cost of living.

As of December 31, 2012, Telenet provided its basic cable television services to all of its 2,122,700 unique residential subscribers, or approximately 74% of homes passed by its network. This represented a net organic loss of 75,800 basic cable television subscribers for the year ended December 31, 2012 as compared to a net organic loss of 75,500 for the year ended December 31, 2011. Despite the temporary increased churn from the analog channel reshuffle program in the second quarter of 2012, the intensely competitive environment and the availability of competing digital platforms in Telenet's footprint, Telenet managed to keep its net organic attrition rate broadly stable for the year ended December 31, 2012. The aforementioned organic loss excludes migrations to Telenet's digital television platform and represents customers churning to competitors' platforms, such as other digital television providers and satellite operators, or customers terminating their television service or moving out of Telenet's service footprint. Given the historically high level of cable penetration in Telenet's footprint, the limited expansion of the number of homes passed and strong competition in the TV market, Telenet anticipates further churn of basic cable TV subscribers, offset by further growth in multiple-play subscribers, generating a higher ARPU relative to the basic cable TV ARPU.

1.3 Digital & premium television

Historically, Telenet only offered basic analog television services to homes passed by its network. Telenet's interactive digital television service was launched in September 2005 and includes both basic and premium offerings. In general, digital technology compresses video signals into a smaller amount of bandwidth than is currently used by analog transmissions, while also enhancing the audio and visual quality of the transmissions. Telenet is able to broadcast a significantly greater number of channels by converting channels currently used for analog broadcasts into use for digital channels. Current digital interactive capabilities enable subscribers greater flexibility in choosing what content to watch and when, to participate in certain types of programs, to communicate with others through their television set and to utilize electronic program guides ("EPG"), among other features.

Telenet's basic cable television subscribers who have installed a set-top box and activated a smart card have access to a total of more than 70 digital channels and approximately 36 digital radio channels, for no additional fee. Telenet offers its basic cable television services in digital for no additional fee in order to encourage its subscribers to migrate to digital cable television so they can access Telenet's digital pay television services, including sports and movies, video-on-demand ("VOD") and other interactive television services.

In order to access Telenet's premium interactive digital television ("iDTV") offerings, subscribers need to install a set-top box, which acts as an interface between the subscriber and the Combined Network, and operates on the Multimedia Home Platform ("MHP") standard, an open standard platform that provides Telenet with the flexibility to integrate applications from a variety of sources. There currently is no dominant standard used for digital set-top box operating platforms, but the MHP standard has been adopted by CableLabs. Telenet offers digital set-top boxes in a sale or a rental model. Telenet offers a choice of "HD Digibox" and "HD Digicorder" set-top boxes with alternative specifications and functionality, such as the ability to record, pause and playback digital content viewed on its service. As of December, 31, 2012, approximately 83% of activated set-top boxes included PVR functionalities and approximately 80% were HD-enabled. The vast majority of digital cable television subscribers rent the "HD Digicorder" as this specific set-top box type is bundled into Telenet's multiple-play bundles and allows for a full high-quality TV viewing experience including pausing, forwarding and recording functionalities.

Telenet's premium service includes a combination of premium sports and film channels, a range of extended thematic channels, a selection of films and broadcast content available on-demand and a variety of interactive features. Telenet's full premium interactive digital television offering is available to all subscribers passed by its network. Telenet's premium content is acquired through various studio contracts, including Universal Studios, MGM, Twentieth Century Fox, Paramount, Sony, Disney and Warner Brothers. These contracts generally require Telenet to make payments on the basis of a minimum number of subscribers, with adjustments made on a sliding scale once minimum subscriber levels have been attained. In addition, a few of these contracts require Telenet to share a portion of the additional revenue derived from price increases for its premium television packages with the content provider. The success of Telenet's premium services depends on its ability to obtain attractive content on reasonable terms. Following the launch of Telenet's iDTV service and competing television services in Belgium, competition for premium content in Belgium has increased. If in the future, Telenet is unable to retain certain rights for premium content, its ability to attract and retain subscribers to its premium services, and its profitability, may be adversely affected. In addition, most content agreements entered into by Telenet with the major studios do not allow Telenet to offer content via interactive means. These agreements will therefore need to be renegotiated and content prices may increase.

In cooperation with the local broadcasters, Telenet has built a large broadcasting on-demand library, including historical and current content and previews of local series. In addition, Telenet's digital platform supports additional functionalities such as e-mail, short message services, search and recommend, online photo albums and access to government services and programs. Other features include several interactive search engines such as telephony directories, job searches and travel and transportation information.

In December 2010, Telenet launched "Yelo", a new multimedia platform enabling digital cable television subscribers to watch their favorite television programs beyond the familiar TV screen on their smartphone, tablet, laptop and personal computer. In addition, "Yelo" offers a range of convenient services, such as an EPG, management of recorded content for all channels both at home and via the internet, and VOD. In March 2012, Telenet added 14 television channels, allowing for a total of 31 channels that can be viewed on a linear basis through Yelo.be or the Yelo app. In June 2012, the platform was further enriched by adding social media features and capabilities. In March 2013, Telenet introduced a new intuitive and user-friendly interface based on the new "YeloTV" navigation menu, while it added 12 additional channels for linear broadcasting and digital TV customers are now also able to access their recordings from the set-top box on their smartphone, tablet, laptop and personal computer.

In April 2013, Telenet will start deploying its next-generation digital TV platform "YeloTV". This new TV experience will provide a significant enhancement to home entertainment as customers will benefit from a totally revamped user interface and a seamless media integration with their other digital devices, including their tablets and smartphones. More importantly, "YeloTV" will be backwards compatible with the latest generation of Telenet's installed HD PVR set-top boxes, covering more than 50% of its total digital TV customer base thereby avoiding incremental capital expenditures for set-top box replacements.

In June 2011, Telenet acquired certain exclusive broadcasting rights for the Belgian football championship for the three seasons starting July 2011. As a result, Telenet was able to select and exclusively broadcast the three most important league matches from each week of the Jupiler Pro League on its Sporting Telenet pay television channels. From the 2012-2013 season onwards, Telenet is able to broadcast all league matches, including the five remaining matches from each week on a non-exclusive basis, which has resulted in incremental subscriber growth. At the end of December 2012, 195,400 customers subscribed to Telenet's pay television sports channels, representing an increase of 10% as compared to December 31, 2011. Telenet's sports channels, which have been rebranded into Sporting Telenet in July 2012, exclusively broadcast the most important fixtures of the Belgian football championship alongside the most popular international football leagues and other major sporting events, such as NBA basketball and golf. Pricing is dependent on the number of services ordered and ranges from €16.15 per month for triple-play subscribers to €26.95 per month for single-play subscribers (both including 21% VAT).

At the end of 2012, approximately 74% of Telenet's basic cable TV subscribers had opted for its interactive digital TV platform, which offers a much richer viewing experience and access to a wide variety of thematic channel packs and digital pay TV services as well as an extensive VOD library. This represents a total of 1,573,500 digital TV subscribers, an increase of 16% as compared to December 31, 2011. All of Telenet's digital TV subscribers are on the interactive bi-directional digital TV platform. For the year ended December 31, 2012, Telenet added 217,700 net digital TV subscribers compared to 174,600 for the year ended December 31, 2011, as the Company succeeded in converting approximately 26% of its remaining analog cable TV subscribers to the higher ARPU digital TV platform. This was ahead of Telenet's long-term expectations of converting approximately 20% of its remaining analog cable TV subscribers per annum.

1.4 Broadband internet

Telenet is the leading provider of residential broadband internet services in Flanders. Through its HFC upgraded network, Telenet offers its residential subscribers broadband internet service at downstream data transfer speeds of up to 120 Mbps. Telenet's current residential offerings include multiple tiers, which range from "Basic Internet", which allows end users to receive data from the internet at a downstream data transfer speed of up to 30 Mbps, to "Fibernet XL", which offers end users a downstream speed of up to 120 Mbps.

Telenet believes its broadband internet subscriber base is one of the most advanced in Europe given the fact that approximately 99% of its broadband internet customers subscribed to speeds of at least 30 Mbps as of December 31, 2012, which compares to approximately 73% at December 31, 2011. This clearly demonstrates customers' demand for reliable and high-speed broadband connections so they can access the internet through multiple devices simultaneously from any location over both Telenet's wired internet connections and its dense network of WiFi Homespots and public hotspots. A Homespot is a modem that transmits two concurrent signals: one for private use and another for public use. This enables customers, who have a Telenet wireless internet modem, to log onto the WiFi network of friends or relatives with their own login and hence, they can use a much faster data network compared to the wireless 3G networks. As of December 31, 2012, Telenet deployed 713,000 active Homespots, which represented approximately 51% of its installed broadband internet base.

In February 2010, Telenet introduced its next generation broadband internet lineup centered around its Fibernet product suite. Powered by the EuroDOCSIS 3.0 technology, which has been introduced across its entire footprint, Telenet has reaffirmed its market positioning as the fastest internet service provider in its footprint with unrivalled download speeds of up to 120 Mbps. The ISP Monitor Speed Test[1], which ranks the real speeds of all internet providers in Belgium, confirms Telenet's leading position versus all of its main competitors.

As of December 31, 2012, Telenet provided its broadband internet services to 1,387,700 subscribers, an increase of 6% compared to December 31, 2011. Through a combination of attractively priced product tiers, Telenet's demonstrated speed leadership, brand recognition and Telenet's focus on customer experience, Telenet has been able to further increase its market share in its footprint. As of December 31, 2012, Telenet's broadband internet service reached a penetration of 48.4% relative to the number of homes passed by the Combined Network compared to 45.9% as of December 31, 2011. For the year ended December 31, 2012, Telenet added 82,100 net broadband internet subscribers. This was slightly higher than the 81,100 net subscribers Telenet added for the year ended December 31, 2011, thanks to an acceleration of the broadband internet penetration in its footprint and continued market share gains. For the year ended December 31, 2012, annualized churn fell 20 basis points to 7.5% from 7.7% for the year ended December 31, 2011.

The broadband internet access market in Belgium is well established, with penetration rates higher than in most other major European markets. As of December 2011, broadband internet access penetration in Belgium stood at approximately 75% of total households based on data gathered by the national telecoms regulator BIPT ("Belgian Institute for Postal Services and Telecommunications"). Telenet believes that broadband internet access penetration in the Flanders region was approximately 81% as a result of more intense competition between the two main broadband internet access technologies, DSL and cable. Telenet's ability to continue to further grow the broadband market will depend in part on increases in the number of households with an internet connectable device in Flanders and parts of Brussels.

1.5 Telephony

1.5.1 Fixed telephony

Telenet offers its residential subscribers local, national and international long distance fixed telephony services and a variety of value-added features. In Flanders, Telenet believes that it is currently the largest competitor to Belgacom NV/SA, the Belgian incumbent, due in part to Telenet's emphasis on customer service and innovative flat-fee rate plans. Substantially all of Telenet's fixed telephony subscribers use voice-over-internet protocol ("VoIP") technology, which utilizes the open standards EuroDOCSIS protocol, and through which Telenet is able to provide both internet and telephony services.

Telenet's "FreePhone" rate plan was launched in December 2004, providing subscribers with unlimited national calls to fixed lines during off-peak hours. In 2005 and 2006, Telenet introduced variations on the "FreePhone" rate plan which have been successful in increasing the penetration of this service, but have also reduced the ARPU Telenet earns from residential fixed telephony. At the end of November 2011, Telenet introduced "FreePhone Mobile", which allows fixed telephony customers to make free off-peak calls to mobile lines in Belgium.

Telenet's residential telephony subscribers are charged a combination of fixed monthly fees for their telephone line, variable fees based on actual usage and, for certain tariff plans, fixed fees for unlimited calling to national fixed lines at all times. Flat-rate usage charges apply for calls placed to other fixed and mobile lines in Belgium and all European member states during off-peak hours. Telenet seeks to price its residential telephony products to provide

[1] The ISP Monitor Speed Test is an independent source for bandwidth speed comparison. The results shown on www.ispmonitor.be are a summary of the test results gathered by the users of ISP Monitor software.

a better value alternative to Belgacom. It also offers its residential subscribers enhanced telephony features for an additional fee. Enhanced offerings include packages of features and individual services such as voicemail and caller ID.

Since the repositioning of its multiple-play bundles, including attractively priced flat-fee rate plans for calls made to domestic fixed lines and to mobile phones during off-peak hours, Telenet has seen a strong uptake in the number of fixed telephony subscribers. For the year ended December 31, 2012, Telenet added 88,600 net fixed telephony subscribers, representing a 35% increase compared to the year ended December 31, 2011, and marking the strongest performance since the year ended December 31, 2009. This resulted in 968,700 fixed telephony subscribers at December 31, 2012, a 10% increase as compared to December 31, 2011. Fixed telephony penetration relative to the total number of homes passed by its network continued to grow from 30.9% at the end of December 2011 to 33.8% at the end of December 2012. Annualized fixed telephony churn increased slightly from 7.5% for the year ended December 31, 2011 to 7.8% for the year ended December 31, 2012, due to the introduction of the new Telecoms Law in Belgium in early October 2012 and migrations from fixed to mobile telephony.

1.5.2 Mobile telephony

Telenet's mobile telephony offer was launched in August 2006 under the Telenet Mobile brand name. Telenet provides this service through a mobile virtual network operator ("MVNO") partnership with Mobistar NV, the second largest mobile operator in Belgium, providing Telenet's customers all network services as well as access to Mobistar's mobile telecommunications network. In February 2009, Telenet signed an initial Full-MVNO agreement with Mobistar, which provided Telenet with greater flexibility in terms of product offers and which enabled Telenet to roll out fixed mobile convergent products.

On April 27, 2012, Mobistar and Telenet extended their strategic partnership to 2017. With the renewed Full-MVNO agreement, Telenet can further expand its offer for mobile voice and data using Mobistar's mobile telecommunications network, and will also gain access to Mobistar's future 4G/LTE ("Long-Term Evolution") mobile network. Through a partnership with Telenet, the Walloon cable operator Tecteo SCRL will also be able to make use of this renewed Full-MVNO agreement to provide mobile services for its cable customers. The renewed Full-MVNO agreement can be terminated in case of material breach and certain events, including changes of control and regulatory events. In the event of termination, an exit plan will apply permitting Telenet to migrate its mobile telephony customers to another radio access network provider.

In July 2011, Telenet Tecteo Bidco NV, a partnership between Telenet NV and the Walloon cable operator Tecteo SCRL, acquired the fourth 3G mobile spectrum license in Belgium, for the minimum reserved price of €71.5 million. In total, Telenet Tecteo Bidco NV now holds 14.8 MHz of paired 3G spectrum in the 2.1 GHz band and it has exercised the option to acquire another 4.8 MHz of paired 2G spectrum in the 900 MHz band and 10 MHz of paired 2G spectrum in the 1800 MHz band, which will both become available as of November 27, 2015. Telenet continues to weigh all available options to operate its frequencies in the 2.1 GHz band, which are also suited for LTE wireless services. It is Telenet's intention to leverage as much as possible on existing infrastructure assets and to seek a more intense collaboration with the existing Belgian mobile network operators through mutually beneficial partnerships. As per the license conditions, Telenet Tecteo Bidco NV must meet coverage obligations of at least 30% of the Belgian population in July 2014, 40% of the Belgian population in July 2015 and 50% of the Belgian population in July 2016. In addition, Telenet Tecteo Bidco NV was required to launch a commercial offer by January 2013, but informed the regulator that it was unable to meet this requirement due to practical and technical constraints. In the meantime, discussions are underway with the regulator to find a practical way forward. If Telenet Tecteo Bidco NV fails to meet the aforementioned obligations, its usage rights may be withdrawn. Applicable legislation includes no express provision as to whether Telenet Tecteo Bidco NV would then need to continue to pay installments and license fees under the license. The Company continues its efforts to use the asset as initially intended by management. Depending on the outcome of these efforts and the Company's assessment of alternative means to use or to monetize this asset, a triggering event might occur which could lead to the impairment of all or part of the carrying value of this asset for the year ending December 31, 2013.

Telenet provides a range of mobile postpaid rate plans. Telenet initially started with zero-subscription plans ("Walk & Talk 0"), with subscribers only paying for their usage. At the end of October 2009, Telenet redesigned its product offers and tariff structures including subsidized smartphones for postpaid subscribers taking a two-year contract. As a result, Telenet has been able to significantly increase its mobile subscriber base despite only cross-selling mobile telephony services to its existing cable customers in Flanders and parts of Brussels and focusing solely on the postpaid segment. At the same time, Telenet has shifted its focus to customers with a higher lifetime value and to the growing proportion of smartphone users, generating a superior ARPU as compared to its legacy mobile customers on the older tariff plans.

In early 2012, Telenet also started to commercialize SIM-only tariff plans with clear-cut and attractive prices in order to further drive mobile subscriber growth. At the end of July 2012, Telenet launched its new mobile rate plans "King" and "Kong", which offer customers simple, transparent and attractively priced subscriptions including a wealth of voice minutes, text messages and mobile data to cater to almost everyone's mobile needs. Additionally, customers who combine these mobile plans with any of Telenet's fixed products receive a recurring monthly discount. In this way, Telenet customers benefit from one of the most advanced convergent offers currently available in the market. In October 2012, Telenet made improvements to its "King" and "Kong" rate plans, including doubling the mobile data volume allowance in the bundles, and later in the quarter it launched subsidized rate plans, including the iPhone 5, and data-only plans, both according to the simplicity of "King" and "Kong".

The introduction of these new rate plans has resulted in very strong customer demand ever since. After adding 65,500 net mobile postpaid subscribers for the three months ended September 30, 2012, Telenet added a record 180,700 net mobile voice and data-only subscribers for the three months ended December 31, 2012. This result was driven by the ongoing success of the "King" and "Kong" rate plans, the successful introduction of subsidized rate plans, including the launch of the iPhone 5, and the effects from the new Telecoms Law, which enabled customers to switch to another operator without any contract penalties. For the year ended December 31, 2012, Telenet added 275,200 net mobile subscribers, which more than doubled its active subscriber base to 521,600 at December 31, 2012 from 246,400 at December 31, 2011. Telenet added more subscribers in the year ended December 31, 2012 than in the entire period between the years ended December 31, 2006 and 2011 when Telenet started offering mobile services. In addition to the efforts to attract new mobile subscribers, Telenet also focused on migrating its legacy customers to the new competitive rate plans. As a result, the share of zero-subscription plans decreased to approximately 26% at December 31, 2012 from approximately 46% as of June 30, 2012. This value-driven strategy resulted in a solid mobile ARPU, which exceeded €30.0 (including interconnection revenue) for the three months ended December 31, 2012.

1.5.3 Interconnection

Interconnection is the means by which users of one telephony network are able to communicate with users of another telephony network. For a subscriber located on one telephony network to complete a telephone call to an end user served by another telephony network, the subscriber's network service provider must connect to the network serving the end user. Typically, the network serving the end user charges the subscriber's service provider a fee to terminate the communication on its network, which is based on a call set-up charge and on the length of the telephone call. Interconnection revenue and expenses have a significant impact on Telenet's financial results. As a result, Telenet has focused heavily on managing this cost.

Telenet's interconnection practices are subject to comprehensive regulation by the BIPT. Following the adoption of the EU Regulatory Framework in Belgian law, the BIPT decided in August 2006 to implement a three-year gliding path to near reciprocity starting on January 1, 2007. From January 1, 2009 to March 31, 2012, Telenet was allowed to charge to Belgacom the Belgacom termination charge to Telenet plus 15%. As of April 1, 2012, this 15% surcharge has been canceled by BIPT decision, thus reaching full reciprocity on the Belgian fixed telephony market. In October 2006, Belgacom submitted an appeal to the Court of Appeal in Brussels arguing for a faster reduction in Telenet's interconnection rates. Telenet has also launched an appeal with the Brussels Court of Appeal arguing that the reduction in its interconnection rates should be cost oriented. If Belgacom were to be successful in its appeal, Telenet could be required to reduce its interconnection rates retroactively.

As for mobile telephony, the BIPT imposed sharply declining prospective mobile termination rates following its market analysis dated June 2010. As a result, mobile termination rates have been capped for each mobile network operator at €1.08 cent per minute starting January 2013 (while still taking into account inflation versus year of reference). This marks a 60% decline compared to the average mobile termination rate of €2.67 cent per minute, which was applicable as of January 1, 2012.

For the year ended December 31, 2012, Telenet incurred interconnection expenses of €72.7 million (€59.5 million for the year ended December 31, 2011) and received interconnection revenue of €38.3 million (€23.8 million for the year ended December 31, 2011). Telenet reports the interconnection revenue generated by its fixed and mobile telephony subscribers under 'Residential telephony', while the incurred interconnection fees are accounted for under 'Network operating and service costs'.

Telenet's principal interconnection agreements are with Belgacom, Belgacom Mobile, Mobistar (including KPN Belgium Business, now called Mobistar Enterprise Services) and Entreprise des P&T Luxembourg. Belgacom provided fixed telephony services to an estimated 69% of the Belgian fixed line market at the end of 2011. A provisional interconnection agreement governs Telenet's relationship with Belgacom. As of May 1, 2005, the term of Telenet's provisional interconnection agreement with Belgacom was extended for an indefinite term, provided that both parties may terminate the agreement on three months' prior notice. Pursuant to the terms of this agreement, Telenet and Belgacom agree to terminate calls to users on their respective networks. Belgacom charges Telenet its standard tariffs for these services, which is an average of €0.0069 per minute for fixed line calls. Telenet charges higher rates to terminate domestic calls on the Combined Network pursuant to certain decisions of the BIPT, which effectively modified its provisional interconnection agreement with Belgacom. From January 1, 2009 to March 31, 2012, Telenet was allowed to charge to Belgacom, the Belgacom termination charge to Telenet plus 15%. As of April 1, 2012, this 15% surcharge has been canceled by BIPT decision, thus reaching full reciprocity on the Belgian fixed telephony market. In the context of the Telenet mobile interconnection discussions with Belgacom, a definitive interconnection agreement was signed. This agreement between Telenet and Belgacom now replaces the previous provisional agreement. Telenet's agreement with Belgacom Mobile can be terminated by either party on eight-months prior notice. A number of other fixed domestic operators have shown interest in setting up a direct interconnect with Telenet.

In July 2003, Telenet entered into an interconnection agreement with Mobistar in order to reduce the average interconnection and transit charges it incurred when routing calls from the Combined

Network to Mobistar via Belgacom's network. Telenet is thus able to interconnect directly with Mobistar and interconnect directly or indirectly with other mobile operators in Belgium. Telenet's agreement with Mobistar can be terminated by either party on eight-months prior notice.

Telenet also has agreements with Verizon Business, iBasis, Cable & Wireless, Mobistar, Colt, Belgacom and Belgacom International Carrier Services that govern interconnection termination rates for international calls that originate on its network. The Electronic Communications Law provides that the providers of public electronic communications services must negotiate in good faith with any provider requesting interconnection to their networks. As part of its regulatory powers, the BIPT has the power to impose such interconnection obligations, as well as its terms, if the parties fail to reach an agreement on the matter. The probability of an entity providing electronic communications in Belgium terminating an interconnection agreement with Telenet is therefore limited. Currently, Telenet also has contracts with the Walloon cable operator VOO and UPC Business (the Netherlands). Telenet is acting in both cases as a transit operator, providing termination services to mainly the Belgian mobile operators for VOO and is exchanging international traffic from and to the Netherlands with UPC Business.

Telenet's Full-MVNO agreement with Mobistar necessitated a number of new interconnection agreements to allow other domestic operators to connect to its mobile core network. Interconnection agreements with Belgacom, Belgacom Mobile, Mobistar and KPN Group Belgium are in service. For the purpose of serving mobile telephony subscribers roaming abroad, Telenet has closed a roaming agreement with BICS (Belgacom International Carrier Services) who acts as a roaming hub provider. In light of the Full-MVNO agreement, Telenet has also entered into a services agreement with MACH (Multinational Automated Clearing House) for the validation and transmission of billing data with respect to roaming between mobile operators. In the premium service mobile business, Telenet connects to content aggregators, and as such provides mobile telephony subscribers access to premium text and multimedia services.

1.6 Business services

Telenet's business customers include small and medium-sized enterprises ("SMEs") with between five and one hundred employees; larger corporations; public, healthcare and educational institutions; and carrier customers that include international voice, data and internet service providers. For the year ended December 31, 2012, Telenet's business services operations generated €91.8 million in revenue, an increase of 1% compared to the year ended December 31, 2011. Telenet markets its business services under the Telenet for Business brand name. Telenet's corporate customers generally connect to the Combined Network directly through a fiber optic connection and its SME customers connect to the Combined Network through a fiber, digital subscriber line ("DSL") or coaxial connection, depending on the scope of their needs and their location relative to the Combined Network.

Telenet for Business offers a range of voice, data and internet products and services that are tailored to the size and needs of each customer. Telenet provides services to business customers throughout Belgium and parts of Luxembourg. With the inclusion of DSL services, Telenet has flexibility to target customers throughout Belgium because it is not dependent on such customer's proximity to the Combined Network. Telenet's business customers evaluate its offerings based on price, technology, security, reliability and customer service. Internet products include i-Fiber, WiFi services and internet over copper leased lines, DSL lines or coaxial connections. Voice products include a range of fiber, coaxial and DSL products matched to the capacity needs of customers, as well as other services. Data products consist primarily of various forms of leased lines, which are typically sold to corporate customers and to carriers. Telenet also offers virtual private network ("VPN") customized services for customers of which, in particular, Telenet's IP-enabled product is a strong growing product in its portfolio.

Sales and marketing teams for Telenet's business customers are organized on a regional, business sector and customer size basis. The prices that Telenet offers its corporate, public, healthcare, educational and carrier customers are usually negotiated within fixed parameters, whereas more standardized prices typically apply to Telenet's SME customers. For certain large corporations, Telenet enters into individual agreements under which it must meet minimum service levels.

The availability of EuroDOCSIS 3.0 represents an important development for Telenet's positioning in the business-to-business market. Given the higher download speeds, better product specifications and improved quality of service over competing technologies, Telenet is in a strong position to increase its market share in the business-to-business market both for select, smaller corporate segments and larger corporate accounts. Telenet's leading connectivity solutions are being complemented by a growing portfolio of value-added services, such as hosting, managed security and cloud computing amongst others. This will enable Telenet for Business to offer a single-user experience for not only connectivity solutions but also for a whole range of additional value-added services.

1.7 Consolidated operating statistics

For the years ended December 31,	2012	2011	Change %
Total Services			
Homes passed - Combined Network	2,868,800	2,843,800	1%
Television			
Analog Cable TV	549,200	842,700	(35%)
Digital Cable TV	1,573,500	1,355,800	16%
Total Cable TV	**2,122,700**	**2,198,500**	**(3%)**
Internet			
Residential Broadband Internet	1,347,200	1,264,600	7%
Business Broadband Internet	40,500	41,000	(1%)
Total Broadband Internet	**1,387,700**	**1,305,600**	**6%**
Telephony			
Residential Telephony	955,200	867,100	10%
Business Telephony	13,500	13,000	4%
Total Telephony	**968,700**	**880,100**	**10%**
Mobile telephony (active customers)	521,600	246,400	112%
Total Services (excl. Mobile)	**4,479,100**	**4,384,200**	**2%**
Churn			
Basic cable television	9.9%	9.3%	
Broadband internet	7.5%	7.7%	
Telephony	7.8%	7.5%	
Customer relationship information - Combined Network			
Triple-play customers	860,400	783,100	10%
Total customer relationships	2,122,700	2,198,500	(3%)
Services per customer relationship	2.11	1.99	6%
ARPU per customer relationship (in €/month)	45.9	42.1	9%

1.8 Network

In 1996, Telenet acquired the exclusive rights to provide point-to-point services, including broadband internet and fixed telephony services, and the rights to use a portion of the capacity of the broadband communications network owned by the PICs, the Partner Network. Currently, under the PICs Agreement through Telenet NV and Telenet Vlaanderen NV, Telenet has full rights to use substantially all of the Partner Network under a long-term lease (*erfpacht/emphythéose*) for an initial period of 38 years (of which 34 years are remaining), for which Telenet is required to pay recurring fees in addition to the fees paid under certain pre-existing agreements with the PICs.

Telenet refers to the Combined Network when describing the combination of its own network and the Partner Network. Telenet uses the Combined Network to provide cable television in analog, digital and HD formats, broadband internet and fixed telephony services to both residential and business customers who reside in its service area. Telenet's combined broadband HFC network consists of a fiber backbone with local loop connections constructed of coaxial cable with a minimum capacity of 600 MHz. At the end of 2009, Telenet completed the upgrade of its network bandwidth capacity from 450 MHz to 600 MHz. Late 2009, Telenet also completed the implementation of the necessary software and hardware to enable its adoption of the EuroDOCSIS 3.0 channel bonding standard. Through the EuroDOCSIS 3.0 technology, Telenet is able to offer downstream speeds of up to 120 Mbps.

Regardless of whether a customer is served by the Telenet Network or the Partner Network, the means by which the services available in the relevant franchise area reach the customer are the same. Telenet's Combined Network assets include approximately 12,000 kilometers of fiber backbone, of which Telenet owns 7,300 kilometers, utilizes 2,580 kilometers pursuant to long-term leases and has access to 2,100 kilometers through its agreements with the PICs. The fiber backbone connects to approximately 68,000 kilometers of coaxial local loops, of which 50,000 kilometers is in the Telenet Network and the balance is in the Partner Network. Telenet owns the primary and secondary fiber backbone on the Combined Network and the fiber and coaxial cable on the Telenet Network. The PICs own the additional fiber and the coaxial cable included in the HFC access loops on the Partner Network.

In addition to its HFC network, Telenet offers services to business customers across Belgium and in parts of Luxembourg through a combination of electronic equipment that it owns and fiber that is predominantly leased. Telenet has also installed equipment necessary to provide voice, data and internet services using DSL technology. DSL technology enables Telenet to serve business customers that are not currently close to its network in a more cost effective manner than through Belgacom's telephone network.

Telenet's fiber backbone is currently running All-IP and carries all of its communications traffic. Telenet also uses fully converged multi-protocol label switching ("MPLS") to route its IP traffic, which enables it to more efficiently tag data to better manage traffic on the Combined Network. This means, for example, that voice packets can be given priority over data packets to avoid interruption to voice communications.

Customers connect to the Combined Network through a coaxial connection from one of Telenet's nodes. Amplifiers are used on the coaxial lines to strengthen both downstream and return path signals on the local loop. Network quality usually deteriorates as customer penetration rates on any particular node increases. When required, the scalability of Telenet's network enables it to address this problem, within limits, through node splits. Telenet uses node splits, among other measures, to manage potential congestion in certain parts of the Combined Network. At the beginning of 2010, Telenet announced its next phase of network investments, referred to as Telenet's "Digital Wave 2015" investment program, to further upgrade its network and services as Telenet believes that a fiber-rich and flexible network will provide capacity for future growth which its competitors will have difficulty matching. One of the cornerstones of Telenet's upgrade strategy is its "Pulsar" node splitting project, which will allow Telenet to build a next-generation network capable of capturing the changing consumer needs, new internet applications and future services and technology. The "Pulsar" project includes a further reduction of the number of homes connected to an optical node from an average 1,400 at the start of the program in 2010 to an average of 500 homes per node with the design ready to move to an average of 250 homes per node, thereby significantly increasing the network capacity. Telenet plans to execute this program over five years for a total expenditure of approximately €30.0 million per annum. This amount could vary, however, depending on market conditions, supply arrangements and numerous other factors. Telenet's "Pulsar" project is well on track. At the end of 2012, an average of 740 homes was connected to each optical node. As not all homes connected subscribe to broadband internet services from Telenet, the number of active broadband households per optical node approximated 350 at December 31, 2012.

Telenet's network operating center in Mechelen, Belgium, monitors performance levels on the Combined Network on a continuous basis. Telenet has a separate disaster recovery site for back office systems, and its network has been designed to include redundant features to minimize the risk of network outages and disasters with the fiber optic rings designed to reroute traffic in the opposite direction around the ring in the event that a section of the ring is cut. Telenet has insured its buildings, head end stations, nodes and related network equipment against fire, floods, earthquakes and other natural disasters, but is not insured against war, terrorism (except to a limited extent under its general property insurance) and cyber risks. Telenet carries insurance on its fiber optic network up to a capped amount, but does not carry property damage insurance for its coaxial network.

1.9 Strategy

The Company's customer-centric goal is to offer the best and most reliable technology for customers to enjoy their digital lifestyles at home and away. By providing innovative and competitive fixed and mobile products accompanied by high-quality and effective customer service, the Company aims to reach this goal. Telenet's proven long-term multiple-play strategy enables the Company to increase the ARPU per customer relationship as more customers choose Telenet for all their digital services. At the same time, its relentless focus on customer satisfaction reduces the propensity to churn. Telenet's focus is on delivering leading broadband and flat-fee fixed telephony services alongside a fully interactive and rich digital TV platform. Therefore, Telenet will continue to invest in its HFC network to stay ahead of other platforms and to outperform competing product offerings.

Today, Telenet's network is able to provide download speeds of up to 120 Mbps, which reaffirms its status as the fastest internet service provider in its footprint. Telenet will continue to invest in its network by bringing the optical network closer to the homes. Today, an average of 740 homes is connected to each optical node, down from 1,400 in 2010, and by 2015 this average will be further reduced to 500. By 2015, Telenet will have tripled the capacity per household as it anticipates growing customer demand for higher internet speeds, data volumes and the rise of other digital services. Telenet is confident that the combination of an optimization of its network bandwidth and the introduction of EuroDOCSIS 3.1 will keep cable in a leading position to deliver high-speed services in the mid- and long-term future. Telenet will closely monitor its capital expenditure levels in order to make sure that its investments drive incremental returns.

Telenet continues to see many opportunities to upsell its single-play customers, which still represented 29% of its overall customer base as of December 31, 2012, to triple- and quadruple-play services and aims to convert around 20% of the remaining analog cable TV subscribers to the higher ARPU digital platform per annum. Telenet continues to expect further penetration growth for the broadband market in its footprint and to gain additional subscribers through a combination of sustained product and speed leadership and customer service. Telenet remains upbeat about its growth opportunities in the business services market. Its B2B portfolio mainly comprises services, for which market share growth in 2013 and beyond is forecast despite the highly competitive environment. Telenet for Business, Telenet's business services unit, wishes to build on the investments of recent years by approaching the market with an integrated portfolio of leading connectivity, security and hosting solutions and with a strong focus on widely available coax products.

The Company's successful repositioning in mobile will increasingly contribute to the overall top line growth. Customers value Telenet's simple, transparent and competitive mobile offers, which create an opportunity to cross-sell mobile into its significant fixed subscriber base. At the end of 2012, only 11% of Telenet's fixed customer base also subscribed to its mobile products, implying a considerable growth opportunity ahead.

Telenet wishes to further excel in customer service and loyalty. Telenet will continue to optimize its processes and platforms putting the customer at the center. By doing things in a better and smarter way, Telenet will be able to control its cost base, which will allow further investments in business growth.

2 Discussion of the consolidated financial statements

2.1 Consolidated statement of comprehensive income

For the years ended December 31, *(in million euro, except per share data)*	**2012**	**2011**
Revenue	1,488.8	1,376.3
Cost of services provided	(852.4)	(821.2)
Gross profit	**636.4**	**555.1**
Selling, general and administrative expenses	(246.7)	(228.9)
Operating profit	**389.7**	**326.2**
Finance income	6.5	7.8
Net interest income and foreign exchange gain	6.5	7.8
Finance expense	(328.9)	(279.9)
Net interest expense, foreign exchange loss and other finance expenses	(241.9)	(205.8)
Net loss on derivative financial instruments	(87.0)	(62.7)
Loss on extinguishment of debt	-	(11.4)
Net finance expense	**(322.4)**	**(272.1)**
Share of the loss of equity accounted investees	(0.0)	(0.4)
Profit before income tax	67.3	53.7
Income tax expense	(34.1)	(36.9)
Profit for the period	**33.2**	**16.8**
Other comprehensive income for the period, net of income tax	**-**	**-**
Total comprehensive income for the period	**33.2**	**16.8**
Profit attributable to:	**33.2**	**16.8**
Owners of the Company	33.2	16.8
Non-Controlling interests	(0.0)	(0.0)
Total comprehensive income for the period, attributable to:	**33.2**	**16.8**
Owners of the Company	33.2	16.8
Non-Controlling interests	(0.0)	(0.0)
Earnings per share		
Basic earnings per share in €	0.29	0.15
Diluted earnings per share in €	0.29	0.15

For the year ended December 31, 2012, Telenet generated revenue of €1,488.8 million, an 8% increase relative to the year ended December 31, 2011 when Telenet produced revenue of €1,376.3 million. All of Telenet's revenue growth was organic and directly driven by underlying RGU growth, the ongoing migration from analog to digital TV and the continued uptiering of its existing broadband customer base to Fibernet, resulting in a higher value per customer. Revenue growth was also supported by a higher contribution from Sporting Telenet and the mobile telephony business, and the selective price increases on certain broadband internet services and basic cable TV in August and October of 2011. Telenet's revenue for the year ended December 31, 2012 was positively impacted by a nonrecurring adjustment of €4.7 million of revenue following the implementation of billing system improvements. This nonrecurring adjustment favorably impacted residential broadband internet revenue by €2.4 million, residential telephony revenue by €1.2 million and premium cable television revenue by €1.1 million.

The combination of an 8% year-on-year growth in Adjusted EBITDA for the year ended December 31, 2012, coupled with lower expenses related to share based compensation and broadly stable depreciation, amortization and impairment charges contributed to the 19% increase in operating profit to €389.7 million for the year ended December 31, 2012. Telenet's operating profit for the year ended December 31, 2012 reflected the favorable impact from certain nonrecurring items as discussed below.

Telenet recorded a net profit of €33.2 million for the year ended December 31, 2012, including a loss on derivative financial instruments of €87.0 million, without which Telenet would have recorded a net profit of €120.2 million.

2.2 Revenue by service

Telenet's revenue for the year ended December 31, 2012 remained well balanced with cable television, including basic cable television, digital and premium cable television, broadband internet and telephony all representing significant proportions of its total revenue.

For the years ended December 31, (in million euro)	**2012**	**2011**
Cable television		
Basic cable television (1)	319.7	317.9
Premium cable television (1)	227.7	189.1
Residential		
Broadband internet	453.8	441.7
Telephony (2)	333.4	279.3
Distributors/Other	62.4	57.5
Business services	91.8	90.8
Total Revenue	**1,488.8**	**1,376.3**

1 Basic and premium cable television substantially comprises residential customers, but also includes a small proportion of business customers.
2 Residential telephony revenue includes the recurring subscription-based revenue from both fixed and mobile telephony subscribers as well as the interconnection revenue generated by these customers.

2.2.1 Cable television

For the year ended December 31, 2012, Telenet's aggregate cable television revenue, which comprises basic cable television and premium cable television revenue, was €547.4 million, an 8% increase compared to the year ended December 31, 2011. The increase was primarily driven by a growing proportion of digital television subscribers and higher revenue from pay television services following the acquisition of certain exclusive and non-exclusive broadcasting rights for the Belgian football championship.

The monthly basic cable television subscription fee paid for analog and digital cable television channels remains an important contributor to Telenet's revenue and represents a steady source of cash flow. For the year ended December 31, 2012, Telenet generated €319.7 million of basic cable television revenue as compared to €317.9 million for the year ended December 31, 2011. The negative impact from a lower number of active subscribers was more than offset by the favorable impact from the 4.2% increase in the basic cable television subscription fee implemented in October 2011. The increase was associated with an increase in the underlying cost of living.

Telenet's premium cable television revenue includes the revenue generated by its digital cable television subscribers on top of the basic cable television revenue as described above. In addition to video-on-demand revenue, premium cable television revenue is driven by the strong uptake in rentals of the high-end HD and PVR-enabled set-top boxes. The other contributors to premium cable television revenue include subscription fees to thematic and premium channel packages (including Sporting Telenet) and interactive services on the platform. For the year ended

December 31, 2012, Telenet recorded premium cable television revenue of €227.7 million, marking a 20% increase as compared to the year ended December 31, 2011 thanks to the growing contribution from the Sporting Telenet pay television channels and a higher share of set-top box rental revenue.

2.2.2 Residential broadband internet

Residential broadband internet revenue, which captures the revenue generated by both residential and business broadband internet subscribers, totaled €453.8 million for the year ended December 31, 2012, which represented a 3% increase as compared to the year ended December 31, 2011. In addition to 6% year-on-year RGU growth, residential broadband internet revenue was supported by a higher share of Fibernet customers in the installed base and the favorable impact from the price increase on certain stand-alone product tiers that occurred in August 2011. These elements offset the negative impact from a growing number of bundled subscribers in the overall mix and a relatively higher share of lower-end broadband internet subscribers in gross sales.

2.2.3 Residential telephony

Residential telephony revenue includes the recurring subscription-based revenue from both fixed and mobile telephony subscribers as well as the interconnection revenue generated by these customers. Residential telephony revenue jumped €54.1 million, or 19%, to €333.4 million for the year ended December 31, 2012 as compared to the year ended December 31, 2011. Residential fixed telephony revenue for the year ended December 31, 2012 showed a 5% increase as compared to the year ended December 31, 2011, driven by robust RGU growth. The decline in usage-related revenue was fully offset by higher subscription-based revenue because of a higher number of RGUs. Residential mobile telephony revenue, including €24.8 million of interconnection revenue generated by Telenet's mobile subscribers, for the year ended December 31, 2012 jumped 67% compared to the year ended December 31, 2011 to €106.0 million. The sharp increase was driven by robust growth in the number of postpaid subscribers and a further increase in Telenet's mobile ARPU following the increased focus on smartphones and customers with a higher lifetime value.

2.2.4 Distributors/Other

Distributors/Other revenue primarily includes (i) set-top box sales revenue, (ii) cable television activation and installation fees, and (iii) third-party sales and stand-alone mobile handset sales. For the year ended December 31, 2012, Telenet generated €62.4 million of Distributors/Other revenue (+9% year-on-year), primarily reflecting higher stand-alone handset sales and the sale of HD Digiboxes following the analog channel reshuffle in the second quarter of 2012. These sales generate a very low margin.

2.2.5 Business services

Revenue generated by Telenet's business customers on coax-related products is allocated to its residential business and is not captured within Telenet for Business, Telenet's business services division. The revenue reported under business services relates to the revenue generated on non-coax products, including fiber and leased DSL lines, Telenet's carrier business, as well as value-added services such as hosting and managed security.

Telenet for Business generated revenue of €91.8 million for the year ended December 31, 2012, broadly unchanged as compared to the year ended December 31, 2011 when business services revenue was €90.8 million. Higher security-related revenue as a result of new contract wins, and sustained demand for Telenet's leading connectivity products, were offset by a lower amount of nonrecurring installation revenue and a further decline in voice-related revenue. Excluding nonrecurring installation revenue, the underlying business services revenue was up 2% year-on-year.

2.3 Total expenses

For the year ended December 31, 2012, Telenet incurred total operating expenses of €1,099.1 million, up 5% as compared to the year ended December 31, 2011 when total operating expenses amounted to €1,050.1 million. Excluding the €28.5 million impairment on the intangible assets related to DTT, which the Company booked in the year ended December 31, 2011, total operating expenses grew 8% year-on-year, which was broadly in line with Telenet's revenue growth over the same period. The increase in total operating expenses was predominantly attributable to higher network operating and service costs, higher depreciation and amortization charges as a result of the pro-rata amortization of the Belgian football broadcasting rights, and higher advertising, sales and marketing expenses.

For the years ended December 31, (in million euro)	2012	2011
Cost of services provided	852.4	821.2
Selling, general and administrative expenses	246.7	228.9
Total expenses	**1,099.1**	**1,050.1**

Total operating expenses for the year ended December 31, 2012 were favorably impacted by certain nonrecurring items. Employee benefits reflected €6.6 million lower payroll expenses as a result of (i) the partial recovery from the government of withholding taxes for certain employees involved in research projects, (ii) accrual reversals for fringe benefits for certain employees, and (iii) the reassessment of certain post-employment benefit obligations due to a change in legislation. Network operating and service costs for the year ended December 31, 2012 enjoyed a €5.8 million favorable impact from (i) the reassessment of a social tariff obligation, and (ii) the settlement of certain operational contingencies.

Total operating expenses represented approximately 74% of Telenet's overall revenue for the year ended December 31, 2012, which was stable as compared to the year ended December 31, 2011 (excluding the DTT-related impairment). Higher depreciation and amortization charges, higher network operating and service costs and higher advertising, sales and marketing expenses were offset by lower other costs and lower expenses related to share based compensation.

2.3.1 Cost of services provided

Cost of services provided for the year ended December 31, 2012 represented €852.4 million, a 4% increase compared to the year ended December 31, 2011. Excluding the €28.5 million DTT-related impairment recognized for the year ended December 31, 2011, cost of services provided rose 8% year-on-year. This increase was primarily growth-related and directly correlated with the continued growth in the number of services. Furthermore, Telenet incurred higher content costs as a result of a further digitalization of its cable television subscriber base, higher programming costs related to Belgian football, higher handset purchase and subsidy costs given the strong mobile sales and higher interconnection costs associated with the robust growth in the number of fixed and mobile telephony subscribers. Depreciation, amortization and impairment charges (excluding the DTT-related impairment) increased mainly due to the pro rata amortization of the acquired broadcasting rights for the Belgian football championship. Cost of services provided expressed as a percentage of revenue slightly decreased to approximately 57% for the year ended December 31, 2012 from approximately 58% for the year ended December 31, 2011 (excluding the DTT-related impairment).

2.3.2 Selling, general and administrative expenses

Selling, general and administrative ("SG&A") expenses totaled €246.7 million for the year ended December 31, 2012 compared to €228.9 million for the year ended December 31, 2011 (+8% year-on-year). Selling, general & administrative expenses expressed as a percentage of revenue were stable at approximately 17% for the year ended December 31, 2012 as lower personnel expenses and expenses related to share based compensation were offset by higher sales commissions and advertising expenses.

2.4 Expenses by nature

For the years ended December 31, *(in million euro)*	**2012**	**2011**
Employee benefits:		
Wages, salaries, commissions and social security costs	124.5	123.2
Other employee benefit costs	18.3	21.2
	142.8	**144.4**
Depreciation	259.1	259.0
Amortization	79.9	70.8
Amortization of broadcasting rights	39.6	23.0
Impairment loss on other intangible assets	-	28.5
Loss on disposal of property and equipment and other intangible assets	1.7	2.0
Network operating and service costs	445.5	395.4
Advertising, sales and marketing	74.2	60.8
Share-based compensation	6.9	13.0
Operating charges related to acquisitions or divestitures	0.9	0.8
Other costs	48.5	52.3
Restructuring charges	-	0.1
Total expenses	**1,099.1**	**1,050.1**

Employee benefits for the year ended December 31, 2012 amounted to €142.8 million, a 1% decrease as compared to the year ended December 31, 2011. The negative impact from the compulsory salary indexation of approximately 3.5% for all employees in early 2012, the insourcing of call centers to further improve customer service levels and a continued increase in the overall number of employees as a result of business growth were offset by the favorable impact of €6.6 million in nonrecurring items, including the release of certain prior year bonus accruals and accruals for fringe benefits for certain employees, as well as the partial recovery from the government of withholding taxes related to R&D projects, which also partly related to payroll expenses in prior years.

Depreciation, amortization and impairment, including gains and losses on disposal of property and equipment and other intangible assets, was broadly flat for the year ended December 31, 2012 at €380.3 million. For the year ended December 31, 2011, Telenet booked a €28.5 million non-cash impairment charge on the intangible assets related to DTT, due to coverage and content issues and the expected impact of the cable regulation. Excluding the DTT-related impairment, the underlying 7% year-on-year increase was primarily caused by the acquisition of the exclusive broadcasting rights for the main fixtures of the Belgian football championship for three seasons starting July 2011. These broadcasting rights are being amortized on a pro rata basis over the football seasons.

Network operating and service costs, which include all direct expenses such as call center costs, costs related to handset purchases, interconnection, programming and network-related expenses, continued to represent the largest portion of Telenet's total operating expenses. Network operating and service costs reached €445.5 million for the year ended December 31, 2012. The 13% year-on-year increase was predominantly attributable to higher costs related to handset purchases, higher interconnection expenses and higher programming costs. Network operating and service costs for the year ended December 31, 2012 reflected a €5.8 million favorable impact from (i) the reassessment of a social tariff obligation, and (ii) the settlement of certain operational contingencies.

Advertising, sales and marketing expenses were €74.2 million for the year ended December 31, 2012, up €13.4 million, or 22%, compared to the year ended December 31, 2011. The increase mainly reflected higher sales commissions as a result of the robust subscriber growth for Telenet's fixed and mobile services, and higher advertising spending to accommodate the analog channel reshuffle, the start of the new football season and the launch of the new "King" and "Kong" mobile rate plans.

Other costs, including operating charges related to acquisitions or divestitures and restructuring charges, amounted to €49.4 million for the year ended December 31, 2012 and reflected business-supporting corporate advisory and legal fees.

2.5 Adjusted EBITDA

Adjusted EBITDA for the year ended December 31, 2012 was €777.8 million, up 8% compared to the year ended December 31, 2011 when Adjusted EBITDA totaled €723.4 million, and reflected the favorable impact from certain nonrecurring items discussed above. As Telenet is realizing faster growth in lower margin activities, such as mobile telephony and digital and premium cable television, the underlying Adjusted EBITDA margin declined 40 basis points year-on-year to 52.2%. In addition, Telenet incurred significantly higher handset subsidy costs as a result of very strong mobile sales despite attracting more customers to SIM-only rate plans. As handset subsidy costs are fully expensed when the handset is delivered to the customer, these costs will not impact the Adjusted EBITDA generated by these customers in future periods.

For the years ended December 31, (in million euro)	**2012**	**2011**
Adjusted EBITDA	**777.8**	**723.4**
Adjusted EBITDA margin	52.2%	52.6%
Share based compensation	(6.9)	(13.0)
Operating charges related to acquisitions or divestitures	(0.9)	(0.8)
Restructuring charges	-	(0.1)
EBITDA	**770.0**	**709.5**
Depreciation, amortization and impairment	(380.3)	(383.3)
Operating profit	**389.7**	**326.2**
Net finance expense	(322.4)	(272.1)
Share of the loss of equity accounted investees	(0.0)	(0.4)
Income tax expense	(34.1)	(36.9)
Total comprehensive income for the period	**33.2**	**16.8**

2.6 Operating profit

The combination of an 8% year-on-year growth in Adjusted EBITDA for the year ended December 31, 2012, coupled with lower expenses related to share based compensation and broadly stable depreciation, amortization and impairment charges contributed to the 19% increase in operating profit to €389.7 million for the year ended December 31, 2012. The depreciation, amortization and impairment charges for the year ended December 31, 2011 included the €28.5 million impairment on certain intangible assets related to DTT, which negatively impacted the Company's operating profit for the year ended December 31, 2011.

2.7 Net finance expenses

Net finance expenses for the year ended December 31, 2012 totaled €322.4 million, up 18% as compared to the year ended December 31, 2011 when Telenet incurred net finance expenses of €272.1 million. The 18% year-on-year increase primarily reflected (i) a decrease in the fair value of derivatives yielding a loss of €87.0 million for the year ended December 31, 2012 compared to a loss of €62.7 million for the year ended December 31, 2011, (ii) higher net interest expenses as a result of the extension of Telenet's debt maturities, the issuance of additional debt facilities and deferred payments on the 3G mobile spectrum license, and (iii) €4.8 million of professional fees incurred in the context of the voluntary self tender offer announced in August 2012 and Liberty Global, Inc.'s voluntary and conditional cash offer announced in September 2012.

For further information, we refer to Note 5.20 to the consolidated financial statements of the Company.

2.7.1 Interest income and foreign exchange gain

Interest income and foreign exchange gain was €6.5 million for the year ended December 31, 2012, a €1.3 million decrease as compared to the year ended December 31, 2011, reflecting the lower returns from the lower average cash balance that the Company invested. To minimize the concentration of counterparty risk, cash equivalents, certificates of deposit and money market funds are placed with highly rated European and US financial institutions.

2.7.2 Interest expenses, foreign exchange loss and other finance expenses

Interest expenses, foreign exchange loss and other finance expenses amounted to €241.9 million for the year ended December 31, 2012 as compared to €205.8 million for the year ended December 31, 2011. The 18% year-on-year increase was the cumulative effect of (i) the issuance of an additional €175.0 million Term Loan under the 2010 Amended Senior Credit Facility in February 2012 and the issuance of €700.0 million Senior Secured Fixed Rate Notes in August 2012, (ii) the interest on the deferred payments of the 3G mobile spectrum, (iii) higher EURIBOR interest rates which set the basis for the majority of the interest expenses on the 2010 Amended Senior Credit Facility, and (iv) €4.8 million of professional fees as described above.

2.7.3 Net gains and losses on derivative financial instruments

The Company has entered into various derivative instruments to significantly reduce its exposure to interest rate increases through the maturity date of the 2010 Amended Senior Credit Facility. During 2010 and the second half of 2011, the Company further optimized its portfolio of interest rate hedges to lower the average interest rates and extend the hedges' maturities to cover the entire duration of the floating rate debt instruments up to 2021. As of December 31, 2012, Telenet had a combination of 1% of caps, 28% of collars and 71% of swap instruments that provide for a maximum average interest rate of 3.6% on top of the respective margins per Term Loan. Derivatives are spread over different financial institutions and geographies to minimize counterparty risks.

In line with EU IFRS, interest rate derivatives are valued on a mark-to-market basis, i.e. at fair value, and changes in fair value are reflected in the statement of comprehensive income. These changes in fair value can be volatile and do not have any direct impact on the Company's cash flows until such time as the derivatives are fully or partially settled. For the year ended December 31, 2012, Telenet incurred a loss of €87.0 million versus a loss of €62.7 million for the year ended December 31, 2011, mainly driven by a downward shift of the euro swap curve.

The mark-to-market valuation of interest rate derivatives depends on the evolution of the forward EURIBOR rates over the lifetime of such an instrument. To the extent the projected interest rates over the respective instruments' lifetime rise (fall), the Company expects the mark-to-market valuation of these instruments to have a positive (negative) impact on its net result.

2.7.4 Loss on extinguishment of debt

As a result of the early redemption of certain outstanding Term Loans under the 2010 Amended Senior Credit Facility for an aggregate €686.5 million as part of the Company's financing optimizations, €11.4 million of transaction costs and related deferred financing costs were expensed for the year ended December 31, 2011.

2.8 Income taxes

The Company recorded income tax expense of €34.1 million for the year ended December 31, 2012 compared to income tax expense of €36.9 million for the year ended December 31, 2011.

For further information, we refer to Note 5.22 to the consolidated financial statements of the Company.

2.9 Net income

Telenet recorded a net profit of €33.2 million for the year ended December 31, 2012, including a loss on derivative financial instruments of €87.0 million, without which Telenet would have recorded a net profit of €120.2 million. For the year ended December 31, 2011, Telenet reported a net profit of €16.8 million, including a €62.7 million loss on derivative financial instruments, an €11.4 million loss on extinguishment of debt, and a €28.5 million non-cash impairment charge on DTT-related assets without which Telenet would have recorded a net profit of €119.4 million.

2.10 Cash flow and liquidity

For the years ended December 31, (in million euro)	2012	2011
Cash flows from operating activities		
Profit for the period	33.2	16.8
Depreciation, amortization and impairment	380.3	383.3
Working capital changes and other non cash items	(5.5)	2.9
Income tax expense	30.7	36.1
Net interest expense, foreign exchange loss and other finance expenses	235.4	198.0
Net loss on derivative financial instruments	87.0	62.7
Loss on extinguishment of debt	-	11.4
Cash interest expenses and cash derivatives	(191.1)	(170.4)
Net cash from operating activities	**570.0**	**540.8**
Cash flows from investing activities		
Purchases of property and equipment	(236.5)	(216.3)
Purchases of intangibles	(84.4)	(78.2)
Investments in equity accounted investees	(0.3)	-
Proceeds from sale of property and equipment	2.3	1.1
Purchase of broadcasting rights for resale purposes	(24.1)	(15.6)
Proceeds from the sale of broadcasting rights for resale purposes	24.1	15.6
Net cash used in investing activities	**(318.9)**	**(293.4)**
Cash flows from financing activities		
Proceeds from issuance of debt, net of redemptions	867.6	2.6
Payments related to capital reductions and dividend	(479.6)	(509.0)
Repurchase of own shares	(45.7)	(5.8)
Other financing activities (incl. finance leases)	(33.7)	(28.2)
Net cash from (used in) financing activities	**308.6**	**(540.4)**
Net increase (decrease) in cash and cash equivalents		
Cash and cash equivalents at beginning of period	346.6	639.6
Cash and cash equivalents at end of period	906.3	346.6
Net cash generated (used)	**559.7**	**(293.0)**

2.10.1 Net cash from operating activities

Net cash from operating activities was €570.0 million for the year ended December 31, 2012, up 5% compared to the year ended December 31, 2011 when the Company's operating activities yielded net cash of €540.8 million. A solid 8% year-on-year growth in Adjusted EBITDA was offset by a 12% increase in cash interest expenses following the issuance of a new €175.0 million debt facility in February 2012 and the extension of debt maturities. Cash interest expenses for the three months ending March 31, 2013 and the three months ending September 30, 2013 will start to reflect cash interest payments made on the €700.0 million Senior Secured Fixed Rate

Notes issued in August 2012. Please refer to Section 2.11 – Debt profile, cash balance and net leverage ratio for detailed information about the Company's debt maturities.

2.10.2 Net cash used in investing activities

Telenet used €318.9 million of net cash in investing activities for the year ended December 31, 2012, up 9% year-on-year. The cash used in investing activities comprised the cash payments for the Company's capital expenditures, including the cash payment of €33.7 million for the Belgian football broadcasting rights, net of the proceeds received from other operators and broadcasters using a portion of these rights. This cash payment covered both the remaining part of the 2011-2012 season as well as the first leg of the 2012-2013 season which started at the end of July 2012, whereas the net cash used in investing activities for the year ended December 31, 2011 only reflected the start of the 2011-2012 season. For the three months ending March 31, 2013, Telenet anticipates making a final payment for the second leg of the current 2012-2013 football season.

2.10.3 Free Cash Flow

For the year ended December 31, 2012, Telenet generated Free Cash Flow of €240.5 million, which was broadly stable compared to the year ended December 31, 2011 when Free Cash Flow totaled €239.0 million. Free Cash Flow represented approximately 16% and approximately 17% of revenue for the years ended December 31, 2012 and 2011, respectively. An 8% year-on-year growth in Adjusted EBITDA was offset by higher cash interest expenses and higher cash capital expenditures, including relatively higher payments for the Belgian football rights as the year ended December 31, 2011 only captured a proportion of the annual rights payments.

For the years ended December 31, (in million euro)	2012	2011
Net cash from operating activities	570.0	540.8
Purchases of property and equipment	(236.5)	(216.3)
Purchases of intangibles	(84.4)	(78.2)
Principal payments on capital leases (excluding network-related leases assumed in acquisitions)	(4.3)	(4.3)
Principal payments on post acquisition additions to network leases	(4.3)	(3.0)
Free Cash Flow	**240.5**	**239.0**

2.10.4 Net cash from financing activities

Net cash from financing activities reached €308.6 million for the year ended December 31, 2012 compared to net cash used in financing activities of €540.4 million for the year ended December 31, 2011. The net cash movement for the year ended December 31, 2012 primarily reflected (i) the issuance of additional debt facilities under the 2010 Amended Senior Credit Facility including the €175.0 million Term Loan T issued in February 2012 and the August 2012 issuance of €450.0 million Senior Secured Fixed Rate Notes due 2022 and €250.0 million Senior Secured Fixed Rate Notes due 2024, (ii) €479.6 million in shareholder disbursements used for the payment of the €1.00 per share gross dividend in May 2012 and the €3.25 per share net capital reduction in August 2012, (iii) €45.7 million used for the repurchase of own shares under the Share Repurchase Program 2012, and (iv) €33.7 million related to various lease repayments, including the scheduled repayment of the Telenet Partner Network capital lease, proceeds from the exercise of options and warrants, and debt issuance costs including the issuance of the aforementioned Senior Secured Fixed Rate Notes for an aggregate amount of €700.0 million in August 2012.

Net cash used for the year ended December 31, 2011 primarily reflected the €509.0 million capital reduction paid to shareholders, net cash used of €14.6 million from the issuance of additional debt and the early redemption of certain Term Loans with shorter maturities and €34.1 million related to various lease repayments, including the scheduled repayment of the Telenet Partner Network capital lease and of the 3G mobile spectrum.

2.11 Debt profile, cash balance and net leverage ratio

2.11.1 Debt profile

As of December 31, 2012, the Company carried a total debt balance (including accrued interest) of €3,843.0 million, of which €1,404.6 million principal amount is owed under the 2010 Amended Senior Credit Facility (including €175.0 million relating to the Term Loan T issued in February 2012), €1,300.0 million principal amount is related to the four Notes issued in 2010 and 2011, and €700.0 million principal amount relates to the Senior Secured Fixed Rate Notes due 2022 and 2024 issued in August 2012. The total debt balance at December 31, 2012 also included €53.3 million for the outstanding portion of the 3G mobile spectrum including accrued interest. The remainder primarily represents the capital lease obligations associated with the Interkabel Acquisition.

In February 2012, the Company issued an additional Facility under the 2010 Amended Senior Credit Facility (Term Loan T) for an aggregate amount of €175.0 million to benefit from a temporary attractive window in the European debt markets. As per the agreement, this Term Loan, with a maturity date of December 31, 2018, carries a floating interest rate of 3.50% over the EURIBOR rate. In August 2012, the Company issued €450.0 million principal amount of Senior Secured Fixed Rate Notes due 2022 at 6.25% and €250.0 million principal amount of Senior Secured Fixed Rate Notes due 2024 at 6.75% through a financing company that the Company consolidates.

2.11.2 Debt overview and payment schedules

For an overview of the Company's debt instruments and payment schedule at December 31, 2012, we refer to Note 5.12.5 to the consolidated financial statements of the Company.

2.11.3 Cash balance and availability of funds

As of December 31, 2012, the Company held €906.3 million of cash and cash equivalents compared to €346.6 million as of December 31, 2011. This movement includes, amongst others, (i) the issuance of additional debt facilities under the 2010 Amended Senior Credit Facility including the €175.0 million Term Loan T issued in February 2012 and the August 2012 issuance of €450.0 million Senior Secured Fixed Rate Notes due 2022 and €250.0 million Senior Secured Fixed Rate Notes due 2024, (ii) €479.6 million in shareholder disbursements used for the payment of the €1.00 per share gross dividend in May 2012 and the €3.25 per share net capital reduction in August 2012, and (iii) €45.7 million used for the repurchase of own shares under the Share Repurchase Program 2012. The Company manages and optimizes its cash balance on a daily basis and according to balanced counterparty risks. Under the 2010 Amended Senior Credit Facility the Company has access to the additional committed Revolving Facility of €158.0 million, subject to compliance with the covenants mentioned below, with availability up to and including December 31, 2016.

For further information, we refer to Note 5.10 to the consolidated financial statements of the Company.

2.11.4 Net leverage ratio

As of December 31, 2012, the outstanding balance of the 2010 Amended Senior Credit Facility and outstanding cash balance resulted in a Net Total Debt to EBITDA ratio of 3.4x compared to 3.2x on December 31, 2011. The slight increase in the net leverage ratio reflected €479.6 million of shareholder disbursements paid and €45.7 million spent on share repurchases for the year ended December 31, 2012, offset by solid growth in the Company's EBITDA. The current net leverage ratio is significantly below the covenant of 6.0x and the availability test of 5.0x.

2.12 Capital expenditures

Accrued capital expenditures were €353.2 million for the year ended December 31, 2012 compared to €470.2 million for the year ended December 31, 2011, representing 24% and 34% of revenue, respectively. Excluding the one-off impact from the acquisition of the Belgian football broadcasting rights and the 3G mobile spectrum license, accrued capital expenditures the year ended December 31, 2011 amounted to €309.9 million, representing 23% of revenue. The 14% year-on-year increase in accrued capital expenditures (excluding accrued capital expenditures related to the acquisition of Belgian football broadcasting rights and the 3G mobile spectrum license) was primarily driven by stronger customer growth as Telenet recorded higher accrued capital expenditures on set-top boxes and customer installations, alongside accelerated network upgrades including the Pulsar node splitting project.

Set-top box related capital expenditures amounted to €76.7 million for the year ended December 31, 2012, or approximately 22% of total accrued capital expenditures, as compared to €43.3 million for the year ended December 31, 2011. The strong year-on-year increase relates to the robust inflow of net digital TV subscribers since Telenet succeeded in converting approximately 26% of its remaining analog cable TV subscriber base in the year ended December 31, 2012 compared to approximately 16% in the year ended December 31, 2011.

Capital expenditures for customer installations amounted to €86.6 million for the year ended December 31, 2012, or approximately 24% of total accrued capital expenditures, boosted by migrations to Telenet's Fibernet broadband products, for which Telenet installs a EuroDOCSIS 3.0 wireless home gateway, and a strong uptake in the install activity for new digital TV subscribers.

Accrued capital expenditures for network growth and upgrades amounted to €106.3 million for the year ended December 31, 2012, or approximately 30% of total accrued capital expenditures, and included investments for the node splitting project. The Pulsar project is well on track as Telenet achieved a strong decrease in the number of homes connected to an optical node, thereby multiplying the bandwidth per household to anticipate the growing demand for digital and broadband services. At December 31, 2012, an average of 740 homes was connected to each optical node, down from approximately 1,400 homes at the start of the project in 2010. As not all homes connected subscribe to broadband internet services from Telenet, the number of active broadband households per optical node approximated 350 at December 31, 2012.

The remainder of accrued capital expenditures includes refurbishments and replacements of network equipment, sports content acquisition costs other than those related to Belgian football, and recurring investments in IT-platform and systems. This implies that approximately 76% of the Company's accrued capital expenditures for the year ended December 31, 2012 were scalable and subscriber growth related as compared to approximately 71% for the year ended December 31, 2011. Telenet will continue to closely monitor its capital expenditures in order to make sure that they drive incremental returns.

3 Risk factors

3.1 General information

The Company conducts its business in a rapidly changing environment that gives rise to numerous risks and uncertainties that it cannot control. Risks and uncertainties that the Company faces include, but are not limited to:

- Telenet's substantial leverage and debt service obligations;
- Telenet's ability to generate sufficient cash to service its debt, to control and finance its capital expenditures and operations;
- Telenet's ability to raise additional financing;
- Risks associated with Telenet's structure, and Telenet's indebtedness;
- Risks of default by the counterparties to the Company's derivative and other financial instruments;
- Telenet's relationship with its shareholders;
- Instability in global financial markets, including the sovereign debt issues in the euro zone and related fiscal and monetary responses and reforms;
- Economic and business conditions and industry trends in which Telenet and the entities in which it has interests, operate;
- The competitive environment and downward price pressure (notably, through offerings of bundles) in the broadband communications and television sector in Belgium in which Telenet, and the entities in which it has interests, operate;
- Telenet's penetration of the mobile telephony market;
- Competitor responses to products and services of Telenet, and the products and services of the entities in which it has interests;
- Fluctuations in currency exchange rates and interest rates;
- Increasing operating costs and inflation risks, which may adversely affect the Company's earnings;
- Consumer disposable income and spending levels, including the availability and amount of individual consumer debt;
- Changes in consumer television viewing preferences and habits;
- Consumer acceptance of existing service offerings, including Telenet's analog and digital video, fixed and mobile voice and broadband internet services, and of new technology, programming alternatives and broadband services that Telenet may offer;
- Telenet's ability to manage rapid technological changes;
- Telenet's ability to maintain and increase the number of subscriptions to its digital television, telephony and broadband internet services and the average revenue per household;
- Telenet's ability to provide satisfactory customer service, including support for new and evolving products and services;
- Telenet's ability to increase or maintain rates to its subscribers or to pass through increased costs to its subscribers;
- The impact of Telenet's future financial performance, or market conditions generally, on the availability, terms and deployment of capital;
- The outcome of any pending or threatened litigation;
- Changes in, or failure or inability to comply with, government regulations in Belgium and adverse outcomes from regulatory proceedings;
- The application of competition law generally and government intervention that opens Telenet's broadband distribution and television networks to competitors, which may have the effect of reducing Telenet's control over the management of, or the quality of, its network and Telenet's ability to reach the expected returns on investment;
- General adverse regulatory or other developments affecting or restricting the effectiveness and use of Telenet's network or its equipment;
- Telenet's ability to meet the coverage and commercial use obligations of its 3G spectrum licenses, or deploy its mobile offer generally;
- Changes in laws or treaties relating to taxation in Belgium, or the interpretation thereof;
- Uncertainties inherent in the development and integration of new business lines and business strategies;
- Telenet's ability to adequately forecast and plan for future network requirements;
- Capital spending for the acquisition and/or development of telecommunications networks and services and equipment, and obtaining regulatory approvals therefor;
- Telenet's ability to successfully integrate and recognize anticipated efficiencies from the businesses it may acquire;
- The ability of suppliers and vendors to timely deliver quality products, equipment, software and services;
- Telenet may not report net income;
- The availability of attractive programming for Telenet's analog and digital video services at reasonable costs;
- The loss of key employees and the availability of qualified personnel and a deterioration of the relationship with employee representatives;
- Changes in the nature of key strategic relationships with partners and joint ventures;

- Telenet's ability to interact with labor councils and unions; and
- Technical failures, equipment defects, physical or electronic break-ins to the services, computer viruses and events that are outside of Telenet's control, such as political unrest in international markets, terrorist attacks, malicious human acts, natural disasters, pandemics and other similar events.

For further information about the financial risk factors, we refer to Note 5.3 to the consolidated financial statements of the Company.

Additional risks and uncertainties not currently known to the Company or that the Company now deems immaterial may also harm it.

3.2 Legal proceedings

We refer to Note 5.26.1 to the consolidated financial statements of the Company.

4 Information about subsequent events

We refer to Note 5.29 to the consolidated financial statements of the Company.

5 Information on research and development

Telenet aims to offer its customers new products and services in order to grow its business, develop the Telenet brand and increase customer satisfaction. Telenet generally seeks to adopt new technologies only after appropriate standards have been successfully implemented on a commercial scale. This approach increases the likelihood that the cost of necessary equipment will decline over time and reduces performance, reliability, compatibility and supply risks. To this end, Telenet is focusing on new technologies that improve usage of a coaxial connection rather than a DSL connection, which it leases from the incumbent operator, to potentially lower the fixed cost basis for its business solutions products. Under certain circumstances, Telenet may consider adopting certain additional technologies that have a limited deployment history, to the extent that Telenet is able to do so with an appropriate consideration of the potential risks involved.

Telenet has a track record of successfully growing its customer base and market share and introducing new products and tiered offerings to customers in a competitive environment, with a continued focus on managing costs and increasing free cash flows. Telenet believes that innovation in products and technology is important to retaining its market position. Telenet has a dedicated research and development function, which is engaged in reviewing and testing new products and technologies that it believes will enhance the services it provides to its customers.

6 Use of financial instruments

The Company's activities are exposed to changes in foreign currency exchange rates and interest rates.

The Company seeks to reduce its exposure through the use of certain derivative financial instruments in order to manage its exposure to exchange rate and interest rate fluctuations arising from its operations and funding. The use of derivatives is governed by the Company's policies approvevd by the board of directors, which provide written principles on the use of derivatives consistent with the Company's risk management strategy.

The Company has entered into various derivative instruments to manage interest rate and foreign currency exchange rates exposure.

The Company does not apply hedge accounting to its derivative instruments. Accordingly, changes in the fair values of all other derivative instruments are recognized immediately in the Company's statement of comprehensive income.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those host contracts and the host contracts are not carried at fair value with unrealized gains or losses reported in the statement of comprehensive income.

For further information, we refer to Note 5.13 to the consolidated financial statements of the Company.

7 Corporate governance statement

Corporate governance can be defined as a set of processes, customs, policies, laws, and institutions affecting the way a company is directed, administered or controlled. Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the corporation is governed. The principal stakeholders are the shareholders, the board of directors, executives, employees, customers, creditors, suppliers, and the community at large.

In this chapter, the board of directors discusses factual information regarding the current corporate governance policy at Telenet and relevant events which took place in 2012.

7.1 Reference code

The Corporate Governance Charter of the Company has most recently been updated on June 28, 2012, and can be consulted on the investor relations website of the Company (http://investors.telenet.be). In compliance with article 3 of the Law of April 6, 2010 and the Royal Decree of June 6, 2010, the Company has decided to adopt the Belgian Corporate Governance Code 2009 (http://www.corporategovernancecommittee.be) as reference code. Except for a minor deviation in relation to provisions 7.17 and 7.18, the Company is fully compliant with the provisions of the Belgian Corporate Governance Code 2009. The deviations are indicated and explained in the relevant sections of this Statement.

7.2 Regulatory developments and their impact on telenet

In 2011, the Belgian federal regulatory authority ("BIPT") and the regional media regulators, including the Vlaamse Regulator voor de Media for Flanders, the *Conseil Supérieur de l'Audiovisuel* for Wallonia, and the *Medienrat* for the German speaking community (collectively with the BIPT, the "Belgium Regulatory Authorities"), decided on new regulation regarding the broadband and broadcasting markets in Belgium, among other things to provide third parties access to the cable network(s). In 2012, the following developments have occurred which have or could have an impact on this regulation (see point a. below). Furthermore, there was a new regulatory initiative in relation to signal integrity (see point b. below), and the Belgian law of July 10, 2012 regarding electronic communication entered into force in 2012 (see point c. below).

a. New regulation by the Belgium Regulatory Authorities

Belgium has broadly transposed the European regulatory framework that deals with communications regulation, consisting of a variety of legal instruments and policies, into law. According to the electronic communications law of June 13, 2005, the BIPT should perform the market analysis to determine which, if any, operator or service provider has Significant Market Power ("SMP"). In addition, the Federal Parliament issued legislation to transpose the 2009 revisions to the European regulatory framework.

Telenet has been declared an operator with SMP in the market for call termination on an individual fixed public telephone network. As of April 1, 2012, reciprocal termination rates have been imposed, which results in Telenet charging an equivalent interconnection rate as that of the incumbent telecommunications operator, Belgacom.

Although no determination has been made on whether Telenet has SMP on the market for call termination on individual mobile networks, its termination rates will be affected by rate limitations implemented by the BIPT. Following its market analysis of June 2010, the BIPT imposed sharply declining prospective mobile termination rates. As a result, mobile termination rates have been capped for each mobile network operator at €1.08 cent per minute starting January 2013 (while still taking into account inflation versus year of reference). This marks a 60% decline compared to the average mobile termination rate of €2.67 cent per minute, which was applicable as of January 1, 2012. In addition, the BIPT indicated the termination rates of mobile operators, using a host network to provide service, such as Telenet, may be capped by the termination rates of their host network.

In Belgium, the Belgium Regulatory Authorities have worked together in order to analyze the wholesale broadband and broadcasting markets.

In December 2010, the Belgium Regulatory Authorities published their respective draft decisions reflecting the results of their joint analysis of the broadcasting market in Belgium. In addition, the BIPT published an analysis of the wholesale broadband market in Belgium. These draft decisions aimed to impose regulatory obligations on cable operators and Belgacom.

The Belgium Regulatory Authorities held a public consultation on the proposed measures and published the comments made by various market players. Based on these comments, the Belgium Regulatory Authorities made some changes to the draft decisions. The draft decisions were then communicated to the European Commission by the Belgian Conference of Regulators for Electronic Communications (the "CRC"), a body which brings together the BIPT and the regional regulators for the media sector. On June 20, 2011, the European Commission sent a letter to the CRC criticizing the analysis of the broadcasting markets. The Commission more specifically criticized the fact that the Belgium Regulatory Authorities failed to analyze upstream wholesale market. It also expressed doubts as to the necessity and proportionality of the various remedies. The Belgium Regulatory Authorities nevertheless adopted a final decision on July 1, 2011 (the July 2011 Decision) after making some minor changes to the text of their initial draft decisions. The July 2011 Decision was notified to Telenet on July 18, 2011.

The regulatory obligations imposed by the July 2011 Decision include for Telenet (i) an obligation to make a resale offer at "retail minus" of the cable analog package available to third party operators (including Belgacom), (ii) an obligation to grant third party operators (except Belgacom) access to digital television platforms (including the basic digital video package) at "retail minus," and (iii) an obligation to make a resale offer at "retail minus" of broadband internet access available to beneficiaries of the digital television access obligation that wish to offer bundles of digital video and broadband internet services to their customers (except Belgacom).

A "retail minus" method would imply a wholesale tariff calculated as the retail price for the offered service, excluding value-added taxes and copyrights, and after further deduction of the retail costs avoided by offering the wholesale service (such as, for example, costs for billing, franchise, consumer service, marketing, and sales). On February 1, 2012, Telenet submitted draft reference offers regarding the obligations described above. The reference offers are subject to an approval process that includes a national consultation and a notification to the European Commission before final approval by the Belgium Regulatory Authorities can occur. The final approval of the Belgium Regulatory Authorities is expected to occur during the first half of 2013. The July 2011 Decision provides that the regulated wholesale services must be available six months after the approval of the reference offers.

Telenet filed an appeal against the July 2011 Decision with the Brussels Court of Appeal both (i) to suspend the July 2011 Decision, and (ii) to have the July 2011 Decision revoked on the merits. On September 4, 2012, the Brussels Court of Appeal rejected Telenet's request to suspend the July 2011 Decision pending the proceedings on the merits. Due to this rejection, Telenet will be required to begin the process of implementing its reference offers as soon as such reference offers are approved by the Belgium Regulatory Authorities. A final ruling on the merits can be expected in the first quarter of 2014.

The July 2011 Decision aims to, and in its application may, strengthen Telenet's competitors by granting them resale access to Telenet's network to offer competing products and services notwithstanding Telenet's substantial historical financial outlays in developing the infrastructure. In addition, any resale access granted to competitors could (i) limit the bandwidth available to Telenet to provide new or expanded products and services to the customers served by its network and (ii) adversely impact Telenet's ability to maintain or increase its revenue and cash flows. The extent of any such adverse impacts ultimately will be dependent on whether the July 2011 Decision is implemented in its current form and, if implemented, the wholesale rates established by the Belgium Regulatory Authorities, the extent that competitors take advantage of the resale access ultimately afforded to Telenet's network and other competitive factors or market developments.

b. New draft decree regarding signal integrity

Draft legislation has been submitted for discussion to the Flemish Parliament to impose on distributors strict integrity of broadcasting signals and the requirement to request authorization from broadcasters when contemplating offering inter alia recording through an electronic program guide and overlay functionalities. Broadcasters argue that the high penetration of PVR's in the Flemish market, combined with high ad-skipping as a result, undermines the revenue of broadcasters. The Belgian Council of State already rejected the draft legislation in its current form, based on legal grounds. If, after amendment, this draft legislation would be approved, it risks to have a negative impact on the possibility to launch new innovative applications and to increase the Company's financial contribution to broadcasters.

c. Law of July 10, 2012 regarding electronic communication

The new Belgian law regarding electronic communication has foreseen in the inclusion of broadband services within the scope of Universal Service for tariff discounts. Universal Service obligations refer to the practice of providing baseline level of telecommunications services. In Belgium this includes the obligation for all operators with an annual turnover above €50.0 million for telecommunications services, to provide tariff discounts for telephony services to qualifying low-income and handicapped telephony subscribers. Telenet voluntary already provides tariff discounts for qualifying broadband subscribers since 2009. In addition, the unfair burden provisions for assessing Universal Service obligations have been amended in line with recent European Court of Justice case law.

Furthermore, as of October 1, 2012, the provisions concerning the lowering of cancellation fees to a maximum of the initial 6 months after subscription entered into force.

7.3 Capital and shareholders

7.3.1 Capital and securities

The share capital of the Company amounted to €12,330,767.40 as at December 31, 2012 and was represented by 113,408,536 shares without nominal value. All shares are ordinary shares, listed on NYSE Euronext Brussels, with the exception of 30 Golden Shares and 94,843 Liquidation Dispreference Shares to which certain specific rights or obligations are attached, as described in the articles of association and the Corporate Governance Charter.

In 2004, the Company issued profit certificates of Class A and B and options on these profit certificates. The profit certificates were issued subject to the exercise of the options. The options were granted to staff members of Telenet within the framework of a stock option plan (the ESOP 2004). Under certain conditions the profit certificates could be converted into shares. On December 31, 2012, there were no more options of Class A, no profit certificates of Class A, and no more options of Class B or profit certificates of Class B outstanding under the ESOP 2004. More details on the options exercised in 2012 under the ESOP 2004 can be found in Note 5.11 to the consolidated financial statements of the Company.

On December 27, 2007, the extraordinary shareholders' meeting of the Company approved an employee stock option plan (the "ESOP 2007") whereby 3,300,000 new warrants were issued in view of the granting of these warrants to selected participants under the ESOP 2007. Each warrant gives the right to subscribe to one new share under the conditions set out in the terms and conditions of the ESOP 2007. The board of directors or the Remuneration & Nomination Committee could grant the warrants to selected beneficiaries over a maximum period of 3 years as from the issue date. The warrants vest on a quarterly basis over a period of four years. The Remuneration & Nomination Committee and the board of directors have organized seven grants under the ESOP 2007 during 2008, 2009 and 2010, for an aggregate number of 1,129,100 warrants, 1,484,000 warrants and 189,900 warrants respectively. More details on the outstanding warrants under the ESOP 2007 can be found in Note 5.11 to the consolidated financial statements of the Company.

On May 29, 2008, a new employee stock option plan (the "ESOP 2008") was approved, whereby 317,000 new warrants were issued in view of the granting of these warrants to the CEO of the Company. Each warrant gives the right to subscribe to one share under the terms and conditions of the ESOP 2008. The CEO accepted these 317,000 warrants on May 29, 2008 and an equivalent number of warrants under the ESOP 2007 were cancelled through an extraordinary shareholders' meeting. More details on the outstanding warrants under the ESOP 2008 can be found in Note 5.11 to the consolidated financial statements of the Company.

On May 28, 2009, a new employee stock option plan (the "ESOP 2009") was approved, whereby 180,000 new warrants were issued in view of the granting of these warrants to the CEO of the Company. Each warrant gives the right to subscribe to one share under the terms and conditions of the ESOP 2009 and an equivalent number of warrants under the ESOP 2007 were cancelled through an extraordinary shareholders' meeting. The CEO accepted these 180,000 warrants on June 26, 2009. More details on the outstanding warrants under the ESOP 2009 can be found in Note 5.11 to the consolidated financial statements of the Company.

On April 28, 2010, the extraordinary shareholders' meeting approved a new employee stock option plan (the "ESOP 2010") whereby 2,800,000 new warrants were issued in view of the granting of these warrants to selected participants under the ESOP 2010, excluding the CEO of the Company. Each warrant gives the right to subscribe to one new share under the terms and conditions of the ESOP 2010. The board of directors or the Remuneration & Nomination Committee can grant the warrants to selected beneficiaries, over a maximum period of 3 years as from the issue date. The warrants vest on a quarterly basis over a period of four years. The Remuneration & Nomination Committee and the board of directors have organized three grants under the ESOP 2010 during 2010 and 2011, for an aggregate number of 1,057,200 warrants and 147,500 warrants respectively. More details on the outstanding warrants under the ESOP 2010 can be found in Note 5.11 to the consolidated financial statements of the Company.

On April 28, 2010, the extraordinary shareholders' meeting also approved certain terms and conditions of a specific stock option plan (the "SSOP 2010-2014"), under which 850,000 new options were granted to the CEO of the Company. Each option gives the right to acquire one existing share of the Company under the terms and conditions of the SSOP 2010-2014. These options vest in four tranches (one each year) subject to the achievement of certain performance criteria. Any options that vest pursuant to the SSOP 2010-2014 become exercisable during defined exercise periods following January 1, 2014. All of the options under the SSOP 2010-2014 have an expiration date of September 4, 2017. More details on the outstanding options under the SSOP 2010-2014 can be found in Note 5.11 to the consolidated financial statements of the Company.

On May 29, 2008, the extraordinary shareholders' meeting of the Company approved the issuance of a new Employee Share Purchase Plan ("ESPP 2011") for a maximum amount of €23.5 million. The board of directors was granted authorization to determine the terms and conditions of this ESPP 2011 until May 31, 2011, after extension of this authorization by the extraordinary general shareholders' meetings of the Company of May 28, 2009 and April 28, 2010. In February 2011, the board of directors offered to all of Telenet's employees the opportunity to purchase new shares of Telenet Group Holding NV under the terms of the ESPP 2011 at a discount of 16.67% to the average share price over the 30 days preceding March 20, 2011. Based on the average share price of €31.65 during this 30-day period, the shares were offered to the employees at a subscription price of €26.38 per share. The 341,168 shares that were purchased were fully vested at the time of the transaction and created on April 27, 2011. The legally imposed transfer restrictions (i.e. a blocking period of 2 years following the issuance of the ESPP shares) end on April 27, 2013.

In December 2011, the Company granted certain of the members of the Executive Team (excluding the CEO) a total of 31,914 performance shares (the "2011 Telenet Performance Shares"). These performance shares are contractual rights to receive, subject to certain performance based criteria, existing ordinary shares for free from the Company. The performance target applicable to the 2011 Telenet Performance Shares is the achievement of a compound annual growth rate (CAGR) for operating free cash flow

(OFCF), when comparing 2013 OFCF to 2010 OFCF. A performance range of 75% to 150% of the target OFCF CAGR would generally result in award recipients earning 50% to 150% of their 2011 Telenet Performance Shares, subject to reduction or forfeiture based on individual performance and service requirements. The granted 2011 Telenet Performance Shares will vest on December 6, 2014 if the performance conditions are realized. The 2011 Telenet Performance Shares were amended following the payment of the capital reduction in 2012, whereby the number of performance shares was increased by the same factor 0.905523 as used for the amendment of warrants and options. More details on the outstanding 2011 Telenet Performance Shares can be found in section 7.7.2.4 b) of this corporate governance statement.

On October 24, 2012, Telenet granted certain of its Executive Team members (excluding the CEO) and one other manager a total of 33,869 performance shares (the "2012 Telenet Performance Shares"). The performance target applicable to the 2012 Telenet Performance Shares is the achievement of a compound annual growth rate (CAGR) for operating free cash flow (OFCF), when comparing 2014 OFCF to 2011 OFCF. A performance range of 75% to 150% of the target OFCF CAGR would generally result in award recipients earning 50% to 150% of their 2012 Telenet Performance Shares, subject to reduction or forfeiture based on individual performance and service requirements. The granted 2012 Telenet Performance Shares will vest on October 24, 2015 if the performance conditions are realized. More details on the outstanding 2012 Telenet Performance Shares can be found in section 7.7.2.4 b) of this corporate governance statement.

7.3.2 Evolution of the share capital of Telenet Group Holding NV

The following capital movements took place in 2012:

- On April 25, 2012, the share capital was increased by €1,376,909.31 through the exercise of 467,962 ESOP 2007 warrants and 63,335 ESOP 2010 warrants, creating 531,297 new ordinary shares. An amount of €5,237,927.16 was recorded as issue premium. At the same time 346,025 Class A profit certificates were converted into 346,025 new ordinary shares, increasing the capital with €896,758.39, bringing the share capital of the Company to €296,464,001.66 and the total number of shares to 114,394,179. An amount of €431,977.61 was recorded as issue premium.
- On the same day, all outstanding issue premiums, representing a total amount of €84,995,873.32 were incorporated into the capital, bringing the share capital of the Company to €381,459,874.98 without issuance of new shares. All 800,492 shares repurchased by the Company under the Share Repurchase program 2012 until that date, were cancelled, bringing the total number of shares to 113,593,687. Afterwards, the share capital was decreased with €369,179,482.75, reducing the share capital to €12,280,392.23, without cancellation of shares.
- On September 25, 2012, all remaining 648,584 shares repurchased by the Company under the Share Repurchase program 2012 until that date, were cancelled, bringing the total number of shares to 112,945,103. The share capital was increased by €45,820.64 through the exercise of 295,975 ESOP 2007 warrants and 125,558 ESOP 2010 warrants, creating 421,533 new ordinary shares, bringing the share capital of the Company to €12,326,212.87 and the total number of shares to 113,366,636. An amount of €5,473,970.89 was recorded as issue premium.
- On November 13, 2012, the share capital was increased by €4,554.53 through the exercise of 24,408 ESOP 2007 warrants and 17,492 ESOP 2010 warrants, creating 41,900 new ordinary shares, bringing the share capital of the Company to €12,330,767.40 and the total number of shares to 113,408,536. An amount of €610,750.98 was recorded as issue premium.

On January 8, 2013, the share capital was increased by €43,699.36 through the exercise of 324,328 ESOP 2007 warrants and 77,690 ESOP 2010 warrants, creating 402,018 new ordinary shares, bringing the share capital of the Company to €12,374,466.76 and the total number of shares to 113,810,554. An amount of €4,619,301.08 was recorded as issue premium.

7.3.3 Shareholders

IMPORTANT MOVEMENTS IN SHAREHOLDINGS

Transparency declarations

In the course of 2012, the Company received the following transparency declarations:

- On February 3, 2012, the Company received a transparency declaration from AXA S.A., according to which, on February 1, 2012, AXA S.A. held 3,534,059 shares of the Company, representing 3.11% of the total share capital.
- On June 14, 2012, the Company received a transparency declaration from BlackRock Inc., according to which, on June 8, 2012, BlackRock Inc. held 3,446,616 shares of the Company, representing 3.03% of the total share capital.
- On August 3, 2012, the Company received a transparency declaration from BlackRock Inc., according to which, on July 26, 2012, BlackRock Inc. held 3,400,143 shares of the Company, representing 2.99% of the total share capital.
- On September 3, 2012, the Company received a transparency declaration from Norges Bank, according to which, on August 31, 2012, Norges Bank held 3,393,033 shares of the Company, representing 2.99% of the total share capital.
- On September 13, 2012, the Company received a transparency declaration from AXA S.A., according to which, on September 10, 2012, AXA S.A. held 3,343,514 shares of the Company, representing 2.94% of the total share capital.

- On September 25, 2012, the Company received a transparency declaration from Norges Bank, according to which, on September 24, 2012, Norges Bank held 3,577,683 shares of the Company, representing 3.15% of the total share capital.
- On November 30, 2012, the Company received a transparency declaration from Omega Advisors Inc., according to which, on September 18, 2012, Omega Advisors Inc. held 3,805,363 shares of the Company, representing 3.35% of the total share capital.

On January 14, 2013, the Company received a transparency declaration from Liberty Global, Inc. ("LGI"), according to which, on January 8, 2013, LGI (via its subsidiary Binan Investments B.V.) held 56,844,400 shares of the Company, representing 49.95% of the total share capital of the Company.

On February 1, 2013, the Company received a new transparency declaration from LGI, according to which, on February 1, 2013, LGI (via its subsidiary Binan Investments B.V.) held 66,342,037 shares of the Company, representing 58.29% of the total share capital of the Company, and 3,000 warrants, following the completion of the voluntary and conditional offer by Binan Investments B.V. on all outstanding shares and warrants of the Company that it and its affiliates (including the Company) did not yet own.

On September 18, 2007, the Company received a notification from LGI Ventures B.V. and from other companies acting in concert with LGI Ventures B.V. in accordance with article 74, §7 of the Law of April 1, 2007, on public take-overs, according to which LGI Ventures B.V. declared it held a stake in Telenet Group Holding NV that exceeded 30% of the total share capital. The Company has received annual updates of this notification, including the latest update received on August 28, 2012.

All these declarations can be consulted on the Company's investor relations website: http://investors.telenet.be.

Share Repurchase Program 2011

On August 9, 2011, the Company announced the initiation of a share repurchase program (the "Share Repurchase Program 2011"). Under this program, the Company could acquire from time to time up to a maximum of 1 million of its outstanding ordinary shares, within a 9-month period from the date of approval of the program by the board of directors. These share repurchases took place under the conditions as approved by the extraordinary general shareholders' meeting of May 28, 2009. Telenet had mandated an intermediary to repurchase Telenet shares on its behalf. All repurchased shares are held by the Company to cover the Company's obligations under existing stock option plans. For as long as they remain in possession of the Company, the dividend rights for these shares will be suspended.

Under this program, the Company disclosed several repurchases, on August 22, 2011, October 3, 2011, October 12, 2011 and December 5, 2011.

Through December 31, 2011, the Company had acquired 220,352 own shares for a total amount of €5.8 million, representing 0.19% of the total number of outstanding shares. Taking into account a par value of €0.11 per share on December 31, 2012, this represents an amount of €24,238.72 in the share capital of the company.

Share Repurchase Program 2012

On February 16, 2012, the Company announced the initiation of a second share repurchase program, referred to as the "Share Repurchase Program 2012" as of February 20, 2012. Under this program, the Company could acquire from time to time up to a maximum of 3 million of its outstanding ordinary shares, for a maximum consideration of €50.0 million, within the six months following February 20, 2012. All repurchased shares would be cancelled by the Company.

This Share Repurchase Program 2012 replaced the Share Repurchase Program 2011, which contained certain maximum price limits that were no longer relevant given changed market conditions.

Through August 13, 2012 (termination date of the Share Repurchase Program 2012 as described below), the Company had acquired 1,449,076 own shares under the Share Repurchase Program 2012 for a total amount of €45,722,855.13, representing 1.28% of the total number of outstanding shares at that moment. Taking into account a par value of €0.11 per share on December 31, 2012, this represents an amount of €183,637.08 in the share capital of the company.

On April 25, 2012 and September 13, 2012, the Company cancelled 800,492 and 648,584 own shares acquired under the Share Repurchase Program 2012, respectively.

Self Tender Offer

On August 13, 2012, the Company announced its intention to start a third share repurchase program through a voluntary tender offer, referred to as the "Self Tender Offer", for a maximum of 20,673,043 shares, or 18.20% of the share capital of the Company at that time, at a price of €35.00 per share. This price was to be adjusted downwards by the gross amount of any distributions prior to the closing of the Self Tender Offer (including the €3.25 per share paid on August 31, 2012 pursuant to the capital decrease approved by the extraordinary shareholders' meeting on April 25, 2012). This share buy-back was to be effected in accordance with the authorization granted by the shareholders' meeting of May 28, 2009. The extraordinary shareholders' meeting of September 13, 2012, approved that the shares so repurchased could be canceled. The previously approved Share Repurchase Program 2012 was terminated as of August 13, 2012. The Self Tender Offer, however, was cancelled (before any share had been repurchased) following the voluntary and conditional public takeover bid by Binan Investments B.V., as described below.

Public takeover bid by Binan Investments B.V.

On September 20, 2012, Binan Investments B.V., a wholly-owned subsidiary of LGI and Telenet's majority shareholder holding 50.04% of the shares at that moment, announced its intention to launch a voluntary and conditional offer in cash pursuant to the Law of April 1, 2007 on public takeover bids and the Royal Decree of April 27, 2007 on public takeover bids (the "Royal Decree on public takeover bids") on all of the shares and other securities of Telenet giving access to voting rights that it did not already own or that were not held by Telenet (the "LGI Offer"). The LGI Offer was based on a price of €35.00 per ordinary share.

On December 12, 2012, the bid prospectus in this respect was approved by the Belgian Financial Services and Markets Authority (FSMA) and on December 17, 2012, the FSMA approved the Response Memorandum of the board of directors ("*Memorie van Antwoord*").

The acceptance period started on December 18, 2012 and ended on January 11, 2013. On January 18, 2013, Binan Investments B.V. confirmed that the LGI Offer had become final and binding, and that 9,497,637 shares and 3,000 warrants were offered for takeover. Payment and final transfer of the tendered shares and warrants took place on February 1, 2013, bringing the total shareholding of Binan Investments B.V. to 58.29% and its voting power to 58.40%, taking into account the suspension of the voting rights relating to the 220,352 own shares held by the Company that it had previously acquired under the Share Repurchase Program 2011.

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, was as follows:

Shareholders	Outstanding shares	Percentage	Warrants	Total (fully diluted)	Percentage (fully diluted)
Liberty Global Group (*)	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 Dispreference Shares held by Interkabel Vlaanderen CVBA and 30 golden Shares held by the financing intermunicipalities

Taking into account the results of the LGI Offer, the shareholder structure of the Company as at February 1, 2013, based on the shareholders' register, all transparency declarations received by the Company, as well as the latest notification of each relevant shareholder as notified to the FSMA pursuant to Article 12 of the Royal Decree on public takeover bids in light of the LGI Offer, was as follows:

Shareholders	Outstanding shares	Percentage	Warrants	Total (fully diluted)	Percentage (fully diluted)
Liberty Global Group (*)	66,342,037	58.29%	3,000	66,345,037	56.13%
Norges Bank	4,974,271	4.37%		4,974,271	4.21%
BNP Paribas Investment Partners SA	3,832,819	3.37%		3,832,819	3.24%
Omega Advisors, Inc.	3,805,363	3.34%		3,805,363	3.22%
Employees (**)	358,211	0.31%	4,375,991	4,734,202	4.01%
Own Shares	220,352	0.19%		220,352	0.19%
Public (***)	34,277,501	30.12%		34,277,501	29.00%
Total	**113,810,554**	**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 and 886,358 warrants transferred by the CEO, Mr. Duco Sickinghe, to Stichting Administratiekantoor DAK in November 2012 and January 2013
(***) Including 16 Liquidation Dispreference Shares held by Interkabel Vlaanderen CVBA and 30 golden Shares held by the financing intermunicipalities

RELATIONSHIP WITH AND BETWEEN SHAREHOLDERS

The Company is not aware of any agreements between its shareholders.

7.3.4 General meeting of shareholders

According to the Company's articles of association, the annual meeting of shareholders takes place on the last Wednesday of the month of April at 3 p.m. In 2013, this will be on April 24.

The rules governing the convening, admission to meetings, their conduct and the exercise of voting rights, and other details can be found in the articles of association and in the Corporate Governance Charter, which are available on the Company's investor relations website (http://investors.telenet.be).

7.3.5 Consolidated Information related to the elements referred to in article 34 of the Royal Decree of November 14, 2007

Article 34 of the Royal Decree of November 14, 2007 requires that listed companies disclose the relevant elements that may have an impact in the event of a takeover bid. The board of directors hereby gives the following explanations concerning the respective elements to be addressed under these rules:

- A comprehensive overview of the capital structure of the Company can be found in Note 5.11 to the consolidated financial statements of the Company.
- Restrictions on the transfer of shares extend only to the 30 Golden Shares. The Company's articles of association provide that the Golden Shares can only be transferred to other partnerships (samenwerkingsverbanden) between municipalities and to municipalities, provinces or other public law entities or private companies that are controlled directly or indirectly by public law entities. The Golden Shares can only be transferred per lot of three Golden Shares.
- Any major shareholdings of third parties that exceed the thresholds laid down by law and by the articles of association of the Company are listed in Section 7.3.3 of this Statement.
- On December 31, 2012, the Company had 94,843 Liquidation Dispreference Shares and 30 Golden Shares outstanding. The Liquidation Dispreference Shares can be converted into ordinary shares on a 1.04 to 1.00 ratio.
- The Golden Shares attribute to the financing intermunicipalities (who hold all 30 Golden Shares) the right to appoint representatives in the regulatory board (regulatoire raad), which supervises the so called "public interest guarantees", and the right to appoint an observer in the board of directors of the Company, as further described in the articles of association and the Corporate Governance Charter of the Company.
- Warrant, share option and share purchase plans are described in Note 5.11 to the consolidated financial statements of the Company. The warrant plans of 2007, 2008, 2009 and 2010 provide that all outstanding warrants (if granted to selected beneficiaries) would immediately vest upon a change of control over the Company. The SSOP 2010-2014 provides that all options under the plan will immediately vest upon a change of control or a delisting of the Company. All these provisions have been

approved by the extraordinary general shareholders' meeting in accordance with article 556 of the Belgian Company Code.

- The Company is not aware of any agreement with any shareholder that may restrict either the transfer of shares or the exercise of voting rights.
- Members of the board of directors are elected or removed by a majority of votes cast at the annual general meeting of shareholders. Any amendment to the articles of association requires the board of directors to propose that the shareholders' meeting passes a resolution to that effect. For amendments to the articles of association the shareholders' meeting must comply with the quorum and majority requirements laid down in the articles of association and in the Belgian Company Code.
- The board of directors is authorized by the shareholders' meeting of May 28, 2009 to buy back shares of the Company up to the maximum number allowed in accordance with articles 620 and following of the Belgian Company Code, provided that the purchase price per share of the Company may be maximum 20% above, and may not be lower than 20% below, the average closing quotes of the shares of the Company, on a "per share" basis, as traded on NYSE Euronext Brussels (or any other regulated market or trading platform on which the shares of the Company are traded at that time at the Company's initiative) during a period of 30 calendar days prior to the acquisition of the shares by the Company. This authorization is valid for 5 years, i.e. until May 28, 2014.
- Certain provisions of the financing agreements of the Company's subsidiaries would become effective or would be terminated in case of a change of control over the Company (e.g. following a public takeover bid). The relevant provisions have been approved by the extraordinary shareholders' meeting of the relevant subsidiaries of the Company in accordance with article 556 of the Belgian Company Code.
- The Full-MVNO agreement concluded between Telenet NV and Mobistar NV also contains change of control wording. The relevant provisions have been approved by the extraordinary shareholders' meeting in accordance with article 556 of the Belgian Company Code.
- The Performance Share Plan 2011 concluded between Telenet NV and the members of the Executive Team and the Performance Share Plan 2012 concluded between Telenet NV and the members of the Executive Team and one other manager also contain change of control wording. The relevant provisions have been approved by the extraordinary shareholders' meeting in accordance with article 556 of the Belgian Company Code.
- Otherwise, the Company is not party to any major agreement that would either become effective, be amended and/or be automatically terminated due to any change of control over the Company as a result of a public takeover bid. The Company notes however that certain of its operational agreements contain change of control provisions, giving the contracting party the right, under certain circumstances, to terminate the agreement without damages.
- Other than the provisions relating to warrants and stock options as set out above, the Company has not concluded an agreement with its members of the board of directors or employees, which would allow the disbursement of special severance pay in the case of termination of employment as a result of a public takeover bid.
- In the framework of the ESPP 2011, 284,900 ordinary shares of the Company issued on April 27, 2011 are held by Telenet ESPP 2011, a Belgian civil-law partnership without legal personality (burgerlijke maatschap) incorporated to hold shares issued under the ESPP 2011 for and on behalf of all Telenet group employees having elected to participate in the ESPP 2011 in the so-called "Leverage Formula". The membership rights attached to those shares are exercised by the partnership's supervisory board (i.e., Mr. Renaat Berckmoes and Mrs. Claudia Poels).
- During a one-year period since the end of the offer period of the LGI Offer (i.e., January 18, 2013), Binan Investments B.V. and any of its concert parties (including the Company) may not acquire, directly or indirectly, any shares or warrants of the Company at a higher price than the offer price of the LGI Offer, unless an amount corresponding to the price difference is paid to all shareholders that have tendered in the LGI Offer.

7.4 Internal control and risk management systems

7.4.1 General

The Company is exposed to various risks within the context of its normal business activities, which could have a material adverse impact on its business, prospects, results of operations and financial condition. Therefore controlling these risks is very important for the management of the Company. To support its growth and help the management and the Audit Committee to deal with the challenges the Company faces, the Company has set up a risk management and internal control system. The purpose of the internal control and risk management framework is to enable the Company to meet its objectives. The most important components of this system are described in this section.

7.4.2 Components of the internal control and risk management systems

The board of directors has set out the mission, the strategy and the values of the Company (see also section 1 "Information on the Company" to the consolidated financial statements of the Company). At the level of the board of directors and the Audit Committee, the general risk profile of the Company and the risk appetite of the Company are discussed.

The Company's internal audit function is outsourced to an external audit firm, which acts as the "internal auditor" of the Company and its subsidiaries for a period of three years. The internal auditor does not only report issues but also provides the Company with information on the level of effectiveness of controls, formulates recommendations, and triggers the start of action plans for items that require improvement.

The internal control department focuses on internal control over financial reporting, revenue assurance and fraud. Specific teams were set up to oversee, coordinate and facilitate risk management activities within other risk areas (e.g. Health & Safety, Business Continuity and Information Security).

The Audit Committee monitors the effectiveness of the internal control and risk management system of the Company, and reviews it every year.

LGI, of which the Company is an affiliate, is subject to the requirements of the US Sarbanes-Oxley Act of 2002 ("SOX"). The Company has been part of LGI's assessment of internal control over financial reporting ("ICoFR") since 2008, and has not reported any material weaknesses. While the SOX legislation mainly covers risks relevant to financial reporting, the scope for internal audit is broader and also covers other objectives in the "COSO" framework (Committee of Sponsoring Organizations of the Treadway Commission), such as compliance with rules and regulations, efficiency and effectiveness of operations.

Control environment

The internal control environment includes a Dealing Code, a Code of Conduct for the Executive and Senior management, a Corporate Governance Charter (available on the investor relations website www.investors.telenet.be), delegation policies, and a selection and performance evaluation system for employees.

Since 2008, a whistleblower procedure is in place. This mechanism allows employees of the Company to raise concerns about possible improprieties in accounting, internal control or audit matters in confidence via a telephone line or a reporting website. The employees can remain anonymous if requested. All complaints received through the telephone line or reporting website are handled by the Company's Compliance Officer and the chairman of the Audit Committee. At the end of 2012, a Vendor Disclosure form was introduced to ensure vendors comply with the Telenet Code of Conduct (e.g. disclosure of conflicts of interest) and the Telenet Anti-Corruption policy.

The accounting principles used by the Company, and each change thereof, are presented to the Audit Committee and approved by the board of directors.

Risk Assessment

As part of LGI's compliance with the SOX legislation, LGI reviews their scoping for ICoFR purposes, at various stages throughout the year to determine whether additional risks or controls at the Company need to be evaluated and assessed. In addition, for every change in products, services, processes and systems, the impact on management's broader control framework is formally assessed by the Company and appropriate action is taken.

In the area of revenue assurance, a structured risk management approach was set up based upon a formal risk assessment.

In December 2011, the Company's internal auditor has reviewed the risk management maturity for all risk areas and the implementation of the risk framework. The findings and proposed action plans were presented to the Audit Committee and the board of directors, which has decided to implement the proposed action plans in order to further optimize (the maturity of) the company's control framework.

In the beginning of 2012, the Company has executed a bottom-up risk assessment to make sure the Executive Team has an overview of all risks faced by their senior management. In addition, a detailed risk assessment exercise is performed every year in the Regulatory and Interconnection area and action plans were defined to properly mitigate the identified risks.

In the area of Revenue Assurance, a structured risk management approach was set up based upon a formal risk assessment. This approach allows the Company to prioritize the in-depth review of risk areas and properly document objectives, risks and controls.

Control activities

LGI established a framework for evaluating and assessing ICoFR, incorporating entity level, transaction and process level components of the COSO-model as well as relevant information technology components. The Company has aligned its internal control over financial reporting with this model.

Controls over financial reporting are formally documented in a Governance, Risk and Compliance tool. The Company has implemented a tool called TRACE ("Track and Assure Control Execution") that provides the control owners with information on all financial reporting controls and related tasks, driving timely control execution by using workflow mechanisms.

The Company has set up a centrally managed risk management tool to support formal documentation and information sharing on objectives, risks and controls related to Revenue Assurance and Fraud.

For other risk areas, each department has worked out specific control procedures covering the risks in their area. In 2012 e.g., the Company has implemented TIM ("Telenet Identity Management") to support user management and automate access request management and periodic access rights certification for key applications.

Information and communication

The Company has implemented a data warehouse and reporting platform, collecting all types of relevant transactional data. Based on this information, the Company's business intelligence competence centre provides the Executive Team with periodic and ad hoc operational and management reporting.

The Company maintains a central repository with all internal control issues and related actions plans to ensure proper resolution. In addition, all issues and actions are made available on a secured

Sharepoint site and action plan owners provide management with a monthly status update.

The result of every audit or internal control review and the progress follow up thereof is reported to the Executive Team and the Audit Committee using a comprehensive scorecard.

On a quarterly basis, the internal control department reports to the Executive Team and the Audit Committee on the completeness and timeliness of the resolution of all outstanding issues.

Monitoring

A formal monitoring process is in place for internal control over financial reporting: a quarterly management self-assessment on design and control effectiveness, a quarterly self-assessment validation by the internal control department and annually a direct testing cycle by LGI Internal Audit and Group Compliance.

For some specific risk areas (e.g. Revenue Assurance) second line monitoring is put in place. In addition, a formal risk and control management self assessment approach was approved by the Revenue Assurance/Fraud workgroup and a pilot was launched in 2012.

In addition, a risk-based audit plan focusing on all risk areas is proposed every year by the internal auditor and, after approval by the Audit Committee, executed. This internal audit plan is established on the basis of a survey with all members of the Executive Team as well as on items raised by the Audit Committee, the board of directors or the internal auditor itself.

Assurance

Although the above measures are designed to limit the risks inherent to the company's business and operations to the maximum extent, the determination of the risk framework and the set-up of the control systems provide reasonable but not absolute certainty that none of these risks will effectively materialize.

7.4.3 Most important risks

For a description of the main risks to which the Company is exposed, please see section 3 "Risk factors" to the consolidated financial statements of the Company.

For an overview of the most important financial risks to which the Company is exposed and the way the Company is dealing with these risks, please see Note 5.3 "Risk management" to the consolidated financial statements.

7.5 Board of directors

7.5.1 Composition

a) General

On December 31, 2012, the board of directors of the Company was composed of 13 members. With the exception of the Managing Director (CEO), all directors are non-executive directors.

There are currently five independent directors within the meaning of article 526ter of the Belgian Company Code, the Belgian Corporate Governance Code and the articles of association of the Company: Mr. Frank Donck, Mr. Alex Brabers, Mr. Friso van Oranje-Nassau, De Wilde J. Management BVBA (with as permanent representative Mr. Julien De Wilde) and Cytindus NV (with as permanent representative Mr. Michel Delloye).

These directors (as well as their permanent representatives) are considered independent directors since they all fulfill the independence criteria set out in the articles of association of the Company and in article 526ter of the Belgian Company Code.

As of April 25, 2012, Mr. Niall Curran has resigned as director of the Company.

Following a request of Mr. Friso van Oranje-Nassau's family, the board of directors has accepted the resignation of Mr. Friso van Oranje-Nassau as independent director of the Company as of the date of the annual general shareholders' meeting of April 24, 2013.

In addition, Mr. Jim Ryan will resign as director of the Company as of April 24, 2013.

On March 5, 2013, the Company announced that the board of directors has accepted the resignation of Mr. Duco Sickinghe as CEO and Managing Director of the Company, effective as of March 31, 2013. He will resign as director of the Company at the occasion of the annual general shareholders' meeting of April 24, 2013. On the same date, the Company announced the appointment of Mr. John Porter as new CEO of the Company per April 1, 2013.

The mandates of Mr. Charles Bracken and Mrs. Angela McMullen expire at the annual shareholders' meeting of 2016. All other director mandates of Telenet Group Holding NV expire at the annual shareholders' meeting of 2015, except for the mandates of Mr. Frank Donck, Mr. Alex Brabers, and De Wilde J. Management BVBA (with as permanent representative Mr. Julien De Wilde), which expire at the annual shareholders' meeting of 2014. As of the general shareholders' meeting of April 25, 2012, Mr. André Sarens is appointed as "observer" to the board of directors.

The directors are appointed for a period of maximum four years. In principle, the mandate of the directors terminates at the date of the annual general shareholders' meeting at which their mandate expires. The directors can be re-appointed.

The general shareholders' meeting can dismiss directors at any time.

If a mandate of a director becomes vacant, the board of directors can fill the vacancy, subject to compliance with the rules of nomination. At the next general shareholders' meeting, the shareholders shall resolve on the definitive appointment, in principle for the remaining term of the mandate of the director who is being replaced.

Except for exceptional, motivated cases, the mandate of directors shall terminate at the first annual shareholders' meeting after they have reached the age of 70.

On December 31, 2012, the board of directors of the Company was composed as follows:

Name	Function	Nominated by
Frank Donck	Managing Director 3D NV	Independent director - CM
Alex Brabers	Chief Business Operations, GIMV	Independent director
Michel Delloye (Cytindus NV)	Director of companies	Independent director
Julien De Wilde (De Wilde J. Management BVBA)	Director of companies	Independent director
Friso van Oranje-Nassau	Director of companies	Independent director
Duco Sickinghe	Chief Executive Officer & Managing Director Telenet	
Charles H. Bracken	Executive Vice President & Co-Chief Financial Officer (Principal Financial Officer) of Liberty Global, Inc.	Liberty Global Group
Diederik Karsten	Executive Vice President, European Broadband Operations of Liberty Global, Inc.	Liberty Global Group
Balan Nair	Executive Vice President & Chief Technology Officer Liberty Global Inc.	Liberty Global Group
Manuel Kohnstamm	Senior Vice President & Chief Policy Officer of Liberty Global, Inc.	Liberty Global Group
Ruth Pirie	CFO Liberty Global Europe Holding BV	Liberty Global Group
Jim Ryan	Senior Vice President & Chief Strategy Officer of Liberty Global, Inc.	Liberty Global Group
Angela McMullen	Chief Financial Officer Chellomedia BV	Liberty Global Group

CM: Chairman

Mr. Dieter Nieuwdorp, VP Corporate Counsel of Telenet, acts as secretary of the board of directors and its committees.

b) Diversity

The Company strives for diversity within the board of directors, creating a mixed balance between executive directors, non-executive directors and independent directors, their diverse competences and experience, their ages and nationality and their specific knowledge of the telecommunications and media sector.

The board of directors currently contains 2 female members (Mrs. Ruth Pirie and Mrs. Angela McMullen). Telenet expects to have a composition of the board of directors whereby at least one third of its board members is of the opposite gender as the other members by the end of 2016 at the latest. The Remuneration & Nomination Committee evaluates the composition of the board of directors each year and formulates suggestions to the board of directors, among other things, taking into account the gender composition.

c) Biographies of directors

The following paragraphs set out the biographical information of the current members of the board of directors of the Company, including information on other director mandates held by these members.

Frank Donck, chairman of the board of directors and independent director (°1965)

Frank Donck has served as a director of the Company since August 2002 and as chairman of the board of directors since December 2004. Mr. Donck is a director of several other companies, the majority of which are privately held. His principal directorship is at 3D NV, where he has served as Managing Director since 1992. He also serves as chairman of the board of directors of Atenor Group NV and as a member of the boards of directors of KBC Group NV, PinguinLutosa NV and Zenitel NV, among other companies. Mr. Donck attended the University of Ghent where he obtained a Master's degree in Law and the Vlerick School for Management, University of Ghent where he obtained a Master's degree in Finance. Frank Donck is also a member of Belgium's Corporate Governance Commission.

Duco Sickinghe, Chief Executive Officer and Managing director (°1958)

For the biography of Mr. Sickinghe, we refer to section 7.6 c) of this Statement.

Alex Brabers, independent director (°1965)

Alex Brabers has served as a director of the Company since 2002. Mr. Brabers is currently Chief Business Operations at GIMV, a Belgian based investment company partly owned by the Flemish government. Mr. Brabers joined GIMV as Investment Manager in 1990. At GIMV, Mr. Brabers has been responsible for international venture capital investments in the field of information and communications technology. He holds positions in the boards of directors at several companies in which GIMV has invested.

Charles Bracken, director (°1966)

Charles Bracken has served as a director of the Company since July 2005. Mr. Bracken is Executive Vice President and Co-Chief Financial Officer of LGI, positions he has held since January 2012 and June 2005, respectively, with responsibility for Group Treasury, Tax and Financial Planning. Previously, he was Senior Vice President from April 2005 to January 2012. In addition, Mr. Bracken serves as a member of the board of management of Liberty Global Europe Holding BV and as an officer and/or director of various European and U.S. based subsidiaries of LGI. Mr. Bracken is a graduate of Cambridge University.

Diederik Karsten, director (°1956)

Diederik Karsten has served as a director of the Company since May 2007. Mr. Karsten became Managing Director European Broadband Operations of UPC Broadband division, the largest division of LGI, on January 1, 2011, and was named Executive Vice President, European Broadband Operations of Liberty Global, Inc. in January 2012. Previously Mr. Karsten served as Managing Director of UPC Nederland BV, a subsidiary of LGI and part of its UPC Broadband division. Mr. Karsten holds a degree in business economics from Erasmus Universiteit Rotterdam, with specializations in Marketing and Accountancy.

Manuel Kohnstamm, director (°1962)

Manuel Kohnstamm has served as a director of the Company since May 2007. Mr. Kohnstamm has been with Liberty Global Europe Holding BV and its predecessors since 1999 and has held positions in corporate affairs, public policy and communications. Currently, he is Senior Vice President and Chief Policy Officer. He is member of the board of directors of VECAI, the Dutch Association of Cable Operators, European Cable Communications Association and International Communications Round Table. He also serves as chairman of Cable Europe. Mr. Kohnstamm holds a doctorandus degree in international and European law of the University of Amsterdam and a postgraduate degree in international relations from the Clingendael Diplomat School in The Hague. He also completed the Cable Executive Management program at Harvard Business School, Boston, MA.

Ruth Pirie, director (°1969)

Ruth Pirie has served as a director of the Company since May 2007. Mrs. Pirie has been the Chief Financial Officer for Liberty Global Europe Holding BV, a subsidiary of LGI, since June 2005. Between March 2004 and June 2005, Mrs. Pirie was the Co-Principal Accounting Officer of UnitedGlobalCom Inc., then a U.S. publicly traded company. Previously, Mrs. Pirie held various financial and accounting positions, including Principal Accounting Officer, with Liberty Global Europe Holding BV and its predecessors since February 2000. Ms. Pirie began her career as an Auditor, spending 5 years in a Chartered Accountants practice achieving the position of Senior Audit Manager. During this time, she completed her accountancy training and qualified as a Fellow of the Chartered Association of Certified Accountants in 1993.

Jim Ryan, director (°1965)

Jim Ryan has served as a director of the Company since May 2007. Mr. Ryan has been with Liberty Global Europe Holding BV and its predecessors since 2000. He is currently Senior Vice President & Chief Strategy Officer and is responsible for corporate development and strategy focusing on M&A, strategic planning and group strategy for the operations of LGI. Since June 2005, Mr. Ryan has global responsibility for strategy and strategic planning across the regions of LGI's operations. He holds a degree in Politics, Philosophy and economics from St. John's College, Oxford University.

Balan Nair, director (°1966)

Balan Nair has served as a director of the Company since April 2011. Mr. Nair is Executive Vice President and the Chief Technology Officer of Liberty Global, Inc., positions he has held since January 2012 and July 2007, respectively. Before being named an Executive Vice President, Mr. Nair was Senior Vice President from July 2007 to January 2012. Prior to joining Liberty Global, Mr. Nair served as Chief Technology Officer and Executive Vice President for AOL LLC, a global web services company, from 2006. Prior to his role at AOL LLC, Mr. Nair spent more than five years at Qwest Communications International Inc., most recently as Chief Information Officer and Chief Technology Officer. Mr. Nair is a director of Adtran Inc., an US public company. He holds a patent in systems development and is a Licensed Professional Engineer in Colorado. Mr. Nair holds a Masters of Business Administration and a Bachelor of Science in electrical engineering, both from Iowa State University.

Angela McMullen, director (°1967)

Angela McMullen has served as a director of the Company since April 2012. Mrs. McMullen has been with Chellomedia since 2001. Prior to joining Chellomedia, LGI's content and services division, Mrs. McMullen was with the Walt Disney Company for eight years where she was SVP of Finance for Walt Disney International - UK and prior to that she had the role of VP European Finance for the Buena Vista Home Entertainment division. Mrs. McMullen has a BA in Economics and is a member of the Institute of Chartered Accountants in England & Wales. Mrs. McMullen is a non executive director for DFID (UK Department for International Development), where she sits on the Investment Committee.

Julien De Wilde, independent director (representing De Wilde J. Management BVBA) (°1944)

Julien De Wilde has served as an independent director of the Company since May 2004. In 2007, he resigned and was replaced by De Wilde J. Management BVBA, for which he serves as permanent representative. His experience includes 13 years at Alcatel where he served as President and Chief Executive Officer of Alcatel Bell, and as a member of its Management Committee. Mr. De Wilde has also served as Executive Vice President of Alcatel Europe, Middle East, Africa and India and as a member of the worldwide Alcatel Executive Committee. Prior to joining Alcatel, Mr. De Wilde held several senior posts at Texaco Belgium and on the European management board of Texaco Europe. From 2002 until 2006, Mr. De Wilde was also Managing Director of Bekaert NV, where he served as director until May 2009. Currently he serves as chairman of the boards of directors at Nyrstar NV and Agfa Gevaert Group. He holds also a directorship at KBC Bank NV and Arseus NV.

Michel Delloye, independent director (representing Cytindus NV) (°1956)

Michel Delloye is the permanent representative of Cytindus NV, a company that has served as an independent director of the Company since April 2012. Previously, Mr. Delloye was the permanent representative of Cytifinance NV, which served as independent director of the Company from May 2003 until April 2012. From 1998 to 1999, Mr. Delloye was Chief Executive Officer of Central European Media Enterprises, and from 1992 to 1996 he served as Chief Executive Officer of RTL Group, the European television and radio broadcaster. From 1984 to 1992, Mr. Delloye held numerous positions in both Belgium and the United States at Group Brussels Lambert, serving as General Manager prior to his departure. Mr. Delloye was chairman of the board of directors at EVS Broadcast Equipment NV until May 18, 2010. He is chairman of the board of directors of Vandemoortele NV and the parent company of Truvo Belgium and also serves on the boards of directors of, among other companies, Brederode NV and Matexi Group NV. Mr. Delloye obtained a law degree from the Université Catholique de Louvain.

Friso van Oranje Nassau, independent director (°1968)

Friso van Oranje Nassau has served as an independent director of the Company since September 2004. From 1998 to 2003, Mr. van Oranje-Nassau was an investment banker at Goldman Sachs in London, where he served as an Associate and Executive Director, and from 1995 to 1997, he worked as a consultant at McKinsey & Company in their Amsterdam office. His clients have principally included companies in the communications, media and technology sectors, including several cable companies which he advised on financing, mergers and acquisitions and related activities. Until February 2012, Mr. van Oranje-Nassau was CFO designate of the URENCO Group, an energy technology and services company operating in the nuclear fuel supply chain. He also served as a director of Wizzair Limited, a leading Eastern European low-cost airline.

André Sarens, observer (°1952)

André Sarens has served as a director of the Company since December 2003. Since April 2012, he has been appointed as observer to the board of directors. Mr. Sarens is currently Grid Participations Manager at Electrabel, having previously held numerous senior finance and administration positions related to Electrabel's utility service distribution activities in Belgium. In these capacities, he has represented Electrabel and the mixed intermunicipalities in their business dealings with Telenet NV from 1999. Mr. Sarens serves on the boards of directors of several of the mixed intermunicipalities in Belgium, and of Electrabel Green Projects Flanders.

7.5.2 Functioning of the board of directors

The board of directors determines the values and strategy of the Company, supervises and monitors the organization and execution thereof, decides on the risk profile and key policies of the Company, decides on the executive management structure and determines the powers and duties entrusted to the executive management.

The board of directors convenes as often as the interest of the Company requires and in any case at least four times a year. The functioning of the board of directors is regulated by the articles of association and the provisions of the Corporate Governance Charter.

The board of directors has installed a number of committees to assist the board with the analysis of specific issues. These committees advise the board on the relevant topics, but the decision power remains with the board of directors as a whole.

In 2012, there were six scheduled board of directors meetings (one by conference call) and eleven non-scheduled board of directors meetings (all by conference call).

In principle, the decisions are taken by a simple majority of votes. The board of directors strives to take the resolutions by consensus.

In accordance with the Corporate Governance Charter the directors are deemed to avoid, to the extent possible, to perform any actions, to defend certain positions, and to pursue certain interests, if this would conflict, or would give the impression to conflict, with the interests of Telenet. If such conflicts of interest would occur, the director concerned shall immediately inform the chairman hereof. The directors shall then comply with the applicable legal provisions of the Belgian Company Code and, in particular, to the extent legally required, abstain from deliberation and voting on the transaction in which the conflict situation arises. The director shall inform the statutory auditor in writing about the conflict of interest. The minutes shall contain the required information and an excerpt shall be published in the annual report. In 2012, article 523 of the Belgian Company Code was applied three times. More information can be found in section 7.5.6 of this Corporate Governance Statement.

In accordance with the Corporate Governance Charter, transactions and/or business relationships between directors and one or more companies of the Telenet Group, which do not strictly fall under the application of article 523 of the Belgian Company Code, should always take place at normal market conditions. The director concerned informs the chairman of the board of directors in advance about such transactions.

7.5.3 Evaluation of the board of directors

Every two years, the board of directors assesses its functioning and its relation with the Company's executive management. The evaluation exercise is usually performed by means of a questionnaire, to be filled out by all board members. The completed questionnaires are collected by the Company's corporate secretary, and the results thereof are presented to the Remuneration & Nomination Committee and the board of directors. Appropriate action is taken on those items that require improvement. The last evaluation took place in March 2012, among others in view of the re-appointment of certain directors. Once a year, the non-executive directors make an evaluation of their interaction with the executive management, whereby they meet in the absence of the executive director and the management of the Company.

In March 2011, the Remuneration & Nomination Committee has reviewed the composition, the size and the functioning of the board of directors of the Company, its main subsidiaries and the different committees within the board of directors. This assessment took into account different elements, amongst others the composition and functioning of the board of directors and its committees, the thoroughness with which material subjects and decisions are prepared and discussed, the actual contribution of each director in terms of presence at board and/or committee meetings and the constructive involvement in the deliberation and resolutions, the evaluation whether the effective composition corresponds with the desirable or ideal composition, the application of the corporate governance rules within the Company and its bodies, and an evaluation of the specific roles such as chairman of the board and chairman or member of a board committee. As a result thereof, and in order to increase the efficiency of the board meetings, the board composition was changed in 2011, by reducing the size of the board and the appointment of additional independent directors. In 2012, the board size was further reduced.

Given the increasing impact and importance of corporate social responsibility and sustainability on Telenet's business, the board of directors has decided on February 15, 2012, to establish a "Sustainability Committee", which will deal with all matters relating to the design, implementation and monitoring of Telenet's sustainability program (known as the "LEAP program"). This Committee was merged with the Strategic Committee, which was renamed to the "Strategy & Sustainability Committee".

7.5.4 Board Committees

In accordance with the articles of association of the Company and relevant legal requirements, the board of directors has established the following board committees: an Audit Committee, a Remuneration & Nomination Committee and a Strategy & Sustainability Committee.

On December 31, 2012, the different board committees were composed as follows:

Name	Audit Committee	Remuneration & Nomination Committee	Strategy & Sustainability Committtee
Frank Donck		CM	
Alex Brabers	CM		•
Charles H. Bracken	•	•	CM
Jim Ryan			•
Michel Delloye (Cytindus NV)	•		•
Julien De Wilde (De Wilde J. Management BVBA)		•	•
Friso van Oranje-Nassau	•		

CM: Chairman

The Audit Committee

The principal tasks of the Audit Committee include regularly convening to assist and advise the board of directors with respect to the monitoring of the financial reporting by the Company and its subsidiaries, the monitoring of the effectiveness of the systems for internal control and risk management of the Company, monitoring of the internal audit and its effectiveness, monitoring of the legal control of the annual accounts and the consolidated accounts including follow-up on questions and recommendations of the statutory auditor and assessment and monitoring of the independent character of the statutory auditor, taking into account the delivering of additional services to the Company. The Audit Committee also meets at least once a year with the external auditor without the presence of the executive management.

Since the general shareholders' meeting of April 25, 2012, the Audit Committee is composed of four members, including three independent directors of the Company. All members are non-executive directors of whom one is the chairman. One director is appointed upon nomination of LGI. Michel Delloye (representing Cytindus NV) serves as independent director on the Audit Committee and has a broad experience in accounting, auditing and financial matters. Before joining the board of directors of the Company, he was CFO and General Manager of Groupe Bruxelles Lambert (GBL) in Brussels, CEO of GBL's US affiliate in New York, Compagnie Luxembourgeoise de Télédiffusion (CLT-UFA, now RTL Group) in Luxembourg and CEO of Central European Media Enterprises. He also runs his own investment company and sits on the board of directors of various companies, including Vandemoortele NV, Brederode NV and Matexi Group NV. In addition, all other members contribute broad experience and skills regarding financial items, which have a positive impact on the committee's operation. This composition conforms to article 526bis §1 of the Belgian Company Code regarding the composition of Audit Committees within listed companies, as introduced in December 2008, and the Corporate Governance Code 2009. The meetings of the Audit Committee are also attended by Mr. André Sarens in his capacity of observer to the board of directors.

In 2012, the Committee convened four times, to review and discuss the quarterly, semi-annual and annual financial statements each before submission to the board of directors and, subsequently, publication. In addition, the Committee convened four times in 2012 to address specific financial items occurring during the year or brought up by the statutory auditor (e.g. the new loan issuance in February 2012, the bond issuances in August 2012, the Self Tender Offer, a new intragroup financing structure and the revision of the FY 2012 guidance). At six of these meetings, the external and internal auditors were invited in order to discuss matters relating to internal control, risk management and any issues arisen from the audit process. The Committee further discussed and advised the board of directors about procedures for and monitoring of financial reporting to its majority shareholder Liberty Global and about the implementation of procedures aimed at complying with requirements of the US Sarbanes-Oxley Act. The Audit Committee, together with the internal audit function (which is partially outsourced, see under "Internal Audit"), also monitored the functioning and efficiency of the internal audit processes and management's responsiveness to the Audit Committee's findings and recommendations and to the recommendations made by the external auditor.

The Company has established a whistleblowing procedure, which has been reviewed by the Audit Committee and approved by the board of directors. The Company implemented the whistleblowing procedure in December 2008. This policy allows employees of the Company to raise concerns about possible improprieties in accounting, internal control or audit matters in confidence via a telephone line or a reporting website. The employees can remain anonymous if requested. Complaints received through the telephone line or reporting website are handled by the Company's compliance officer and the chairman of the Audit Committee.

The chairman of the Audit Committee reports on the matters discussed in the Audit Committee to the board of directors after each meeting and presents the recommendations of the Audit Committee to the board of directors for decision-making.

The Remuneration & Nomination Committee

The principal tasks of the Remuneration & Nomination Committee include formulating proposals to the board of directors with respect to the remuneration policy of non-executive directors and executive management (and the resulting proposals to be presented by the board of directors to the shareholders), the individual remuneration and severance pay of directors and executive management, including variable remuneration and long term performance bonuses, whether or not related to shares, in the form of stock options or other financial instruments (and the resulting proposals to be presented by the board of directors to the shareholders where applicable), the hiring and retention policy, assisting the CEO with the appointment and succession planning of executive management, the preparation of the remuneration report to be included in the corporate governance statement by the board of directors and the presentation of this remuneration report to the annual general shareholders' meeting.

Furthermore, the Remuneration & Nomination Committee's tasks include designing an objective and professional (re-)appointment procedure for directors, the periodic evaluation of the scope and composition of the board of directors, searching for potential directors and submitting their applications to the board of directors and making recommendations with respect to candidate-directors.

The Committee is composed exclusively of non-executive directors and has three members. Two members are independent directors of the Company. The chairman of the board of directors also serves as chairman of the Remuneration & Nomination Committee. The members of the Committee have ample experience in remuneration matters, amongst other things because they have taken up senior executive roles in large companies in other stages of their careers.

The members of the Remuneration & Nomination Committee as of the date hereof were: Mr. Frank Donck, chairman; Mr. Charles Bracken, and Mr. Julien De Wilde (as permanent representative of De Wilde J. Management BVBA).

In 2012, the Remuneration & Nomination Committee met six times in the presence of the CEO (except for matters where the CEO was conflicted). Among other matters, the Committee addressed the evaluation of the functioning of the board of directors and its relation with the Executive Team, the (re)appointment of independent directors and evaluation of the candidate(s) and the proposed remuneration, the composition of the different board committees, the granting of performance shares to the executive management and the transferability of vested warrants in the LGI Offer.

The chairman of the Remuneration & Nomination Committee reports on the matters discussed in the Committee to the board of directors after each meeting and presents the recommendations of the Remuneration & Nomination Committee to the board of directors for decision-making.

The Strategy & Sustainability Committee

The Strategy & Sustainability Committee convenes regularly with the CEO to discuss the general strategy and the sustainability strategy of the Telenet Group.

The Committee was chaired in 2012 by Mr. Charles Bracken, and was further composed of three independent directors and one other non-executive director appointed upon nomination of LGI.

The Strategy & Sustainability Committee convened one time in 2012, in order to discuss potential joint venture and acquisition projects and other important strategic matters of the Telenet Group. These and other major strategic matters were also handled at the level of the board of directors itself.

The chairman of the Strategy & Sustainability Committee reports on the matters discussed in the Strategy & Sustainability Committee to the board of directors after each meeting and presents the recommendations of the Strategy & Sustainability Committee to the board of directors for decision-making.

7.5.5 Attendance

Please find below the attendance overview of the board and committee meetings. In this overview, all meetings are presented (so not only the annually pre-scheduled meetings).

Name	Board of Directors (17)	Audit Committee (8)	Remuneration & Nomination Committee (6)	Strategic & Sustainability Committee (1)
Frank Donck	17 (CM)		6 (CM)	
Alex Brabers	16	8 (CM)		1
Michel Delloye (Cytifinance NV / Cytindus NV)	17	6		1
Julien De Wilde (De Wilde J. Management BVBA)	11		4	0
Friso van Oranje-Nassau	2	0		
Duco Sickinghe	16			
Charles H. Bracken	15	3	6	1 (or 1) (CM)
Diederik Karsten	0			
Balan Nair	2			
Manuel Kohnstamm	5			
Niall Curran	1 (or 4)			
Ruth Pirie	9			
Jim Ryan	13			1
Angela McMullen	8 (or 13)			
André Sarens (Director)	4 (of 4)	3 (of 3)		
André Sarens (Observer)	13 (of 13)	5 (of 5)		

CM: Chairman

7.5.6 Application of legal rules regarding conflicts of interest

During the meetings of the board of directors of February 15, 2012, August 11, 2012 and September 25, 2012, article 523 of the Belgian Company Code was applied.

At the meeting of February 15, 2012, the board of directors discussed, amongst other items, the determination of the variable remuneration for the CEO for 2011, a possible change in his fixed remuneration for 2012 and the determination of the realization of the performance criteria (for 2011) for the options granted to the CEO under the SSOP 2010-2014. The minutes of that meeting mention the following in this respect:

"Prior to deliberating and resolving on the items of the determination of the bonus and merit of the CEO and the determination of the realization of the performance criteria (for 2011) for the options granted to the CEO under the SSOP 2010-2014, Duco Sickinghe (CEO and Managing Director) informs the board that he has a (potential) financial conflict of interest regarding this decision in the meaning of article 523 of the Belgian code of companies since it concerns the determination of his variable remuneration for 2011 and a possible change in his future fixed compensation.

The CEO declares that he will inform the company's auditor of this conflict of interest. He then leaves the meeting for this specific agenda item.

The chairman of the Remuneration & Nomination Committee reports to the board on the discussions held within that Committee concerning the determination of the CEO's bonus and merit and the determination of the realization of the performance criteria (for 2011) for the options granted to the CEO under the SSOP 2010-2014.

After discussion, and upon proposal of the Remuneration Committee, the board unanimously decides:

(i) To grant a cash bonus to the CEO for 2011 equal to €670,000, which will be paid in one instalment in the course of March 2012;

(ii) to determine his fixed compensation for 2012 to €765,000 (unchanged compared to 2011);

(iii) to determine the maximum cash bonus for 2012 to be 110% of the 2012 annual fixed compensation; and

(iv) That the performance criteria set by the Remuneration & Nomination Committee for performance year 2011 in accordance with the provisions of the SSOP 2010-2014 have been achieved and that therefore the second tranche of options under the SSOP 2010-2014 will vest on March 1, 2012.

The board acknowledges that the fixed and variable remuneration of the CEO is market conform and believes that these decisions are in the interest of the Company."

At the meeting of August 11, 2012, the board of directors discussed a proposed change of the shareholder remuneration policy and potential share repurchase program (in the form of a self-tender offer). The minutes of that meeting mention the following in this respect:

"[...]

Before opening the discussion, the Chairman called the attention of the Board to the fact that each director was to consider the items on the agenda and declare whether the special procedure regarding conflicts of interest, as laid down in Article 523 of the Belgian Company Code, applied to him or her.

Mr. Duco Sickinghe then informed the Board of Directors of the fact that he, as shareholder and warrant holder of the Company, had a conflict of interest within the meaning of Article 523 of the Belgian Company Code in respect of the second item on the agenda. Mr. Frank Donck then informed the Board of Directors that he, as one of the shareholders of Ibervest NV and 3D NV, indirectly owns shares of the Company, and may thus have a conflict of interest within the meaning of Article 523 of the Belgian Company Code in respect of the second item on the agenda. Mr. Donck further stated that, although he considered that his indirect holding was not of a nature to influence his judgment on the second agenda item, he would nevertheless follow the procedure of Article 523 of the Belgian Company Code in the case at hand.

Each of Mr. Duco Sickinghe and Mr. Frank Donck requested that his statement be recorded in the minutes of this Board meeting and declared that, in accordance with said Article 523, he would not be taking part in both the discussion of the Board or the vote on this item (and would leave the room when this item was discussed and voted.) Mr. Alex Brabers agreed to chair the meeting of the Board of Directors in the absence of Mr. Frank Donck (the "Chairman pro tem"). Mr. Duco Sickinghe and Mr. Frank Donck requested that, in accordance with Article 523 of the Belgian Company Code, these minutes will be communicated to the Company's auditor.

[...]

DELIBERATION AND RESOLUTIONS

INTRODUCTION

The Chairman pro tem invited the CFO, Mr. Renaat Berckmoes, and the corporate secretary and counsel, Mr. Dieter Nieuwdorp, to give an overview of the proposed transactions.

Mr. Dieter Nieuwdorp explained that it is proposed to the Board of Directors to launch a share buy-back in the form of a voluntary self-tender offer subject to the Belgian law of April 1, 2007 on takeover bids and the Belgian royal decree of April 27, 2007 on takeover bids (the "Offer"). One important implication thereof is that said takeover rules require that the funds for the payment of the total Offer price be available in a blocked account with, or committed through an irrevocable credit by, a Belgian credit institution at the moment of the formal filing of the draft prospectus and bid notification with the FSMA (the "Notification", currently expected to be in September) (the "certain funds" requirement). Mr. Renaat Berckmoes then called the attention of the directors to the fact that, since it is proposed to finance the Offer entirely by the incurrence of additional indebtedness, the "certain funds" requirement implied that such indebtedness needed to be incurred prior to the Notification (and thus prior to the Offer's tender results). He added that, at the proposed Offer price of €35, this implies maximum additional indebtedness in an amount equivalent to €700 million.

The Chairman pro tem proposed to the Board to follow this chronology in the discussion of the agenda, and first discuss the additional indebtedness and change in capital structure, and then proceed to discuss the Offer and modified shareholder remuneration policy.

[...]

DELIBERATION BY THE BOARD

Having taken note of the Opinion of the Ad Hoc Committee, the Board of Directors continued with the deliberation on the different items on the agenda.

1. Change of the consolidated capital structure and additional indebtedness

Consolidated indebtedness

The Board of Directors considered that additional indebtedness in an amount equivalent to €700 million implies that Telenet Group Holding NV and its subsidiaries (the "Group"), on a consolidated basis, will have increased its net total debt ratio to 4.5x Adjusted EBITDA, which represents the higher end of the 3.5-4.5x Net Total Debt to EBITDA target.

The Board then discussed, on the basis of a presentation by Mr. Renaat Berckmoes included in Annexes D and E, (i) the terms and conditions of indebtedness currently proposed, and (ii) the ability of the Group to service such increased indebtedness under its Long-Range Plan (LRP). The CFO also briefed the Board on the proposed rating of the new and the impact on the rating of the existing indebtedness.

Financing through Intercompany Loans

Mr. Renaat Berckmoes then reported to the Board of Directors that it is proposed that the Company finance the Offer by one or more intercompany loans (the "Intercompany Loans") from Telenet International Finance S.à r.l. ("TIF"). The terms and conditions of the Intercompany Loans will reflect the terms of the external indebtedness that TIF, the financing centre of the Group, will be able to attract on the international debt markets, increased by an appropriate margin. Mr. Renaat Berckmoes also pointed to the impact that the Intercompany Loans would have on the non-consolidated balance sheet of the Company.

Agreements to be entered into by the Company

To incur the additional indebtedness, it is proposed that TIF enter into one or more additional facilities under the credit facilities agreement dated August 1, 2007 entered into by (among others) TIF and Telenet NV as Obligors, as amended from time to time (the "Senior Credit Agreement").

[...]

DELIBERATION

The Board noted that the Proposed Financing Transactions will effectively increase the Company's (and the Group's) long-term indebtedness within the 3.5 to 4.5x range of the target long-term Net Total Debt to Consolidated Annualized EBITDA (as defined in the Senior Credit Agreement) ratio. The Board noted that, given the attractive market conditions, the current timing was appropriate to move to the top end of this range, thus allowing the Company (and the Group) to lock in attractive financing conditions.

Referring back to the CFO's presentation, the Board agreed that, considering the current market conditions, the current and expected profitability of the Group and the fact that no significant acquisitions are being pursued by Telenet in the foreseeable future, the proposed increased leverage is appropriate for the Company and the Group and provides optimal workable balance between growth and shareholder returns on the one hand and attractive access to capital markets on the other hand.

In light of the Group's LRP, the Group is projected to be able to bear such target leverage ratio while preserving liquidity for investments in network expansion and development. Since the implementation of this leverage ratio will allow attractive and sustainable shareholder returns, on top of continued strong long-term business growth, the Proposed Financing Transactions serve the corporate interest.

The Proposed Financing Transactions will not require any additional security to be granted over the assets of the Company. All existing security granted under the Credit Facilities Agreement will be preserved, and will also secure the obligations of the Obligors under the new facilities.

The Board agreed that it would regularly reassess the Company's and the Group's level of indebtedness and its Net Total Debt to Consolidated Annualized EBITDA (as defined in the Senior Credit Agreement) ratio under market circumstances then prevailing.

The Board then discussed the opinion of the ad hoc committee of independent directors, and concluded that it is in the interest of the Company that the Board of Directors approves the proposed item.

2. Shareholder remuneration policy and share buy-back (in the form of a self-tender offer)

Shareholder remuneration policy

The Board of Directors then discussed the proposal to adjust the shareholder remuneration policy of the Company to consist mainly of share repurchases instead of dividend payments, on the basis of the draft analyst presentation, included in Annex H, which Mr. Renaat Berckmoes presented.

Proposed share buy-back in the form of a self-tender

Offer and press release

Mr. Dieter Nieuwdorp reported on the share buy-back that is proposed to take place, once the Proposed Financing Transactions have been implemented, in the form of the Offer, within the framework of the authority granted to the Board by the shareholders' resolution *of May 28, 2009. Mr. Dieter Nieuwdorp described the principal features and conditions of the Offer, all of which are summarized in the press release included in Annex I. Mr. Dieter Nieuwdorp explained that, although the publication of the press release does not yet formally open the bid, it will mark the beginning of a period during which Directors and affiliates are subject to certain disclosure obligations and obligations in respect of publicity. These guidelines have been communicated to each of the Directors.*

Mr. Dieter Nieuwdorp further explained the circumstances in which the Company had reserved the right not to bring the Offer, or, once the Offer was brought, to withdraw it. The Board discussed the nature and specifics of the material adverse change that would entitle the Company to withdraw its intention to bid (or, following Notification, the Offer).

Shareholders' meeting

Generally, the Offer falls within the authority granted to the Board by resolution of the extraordinary shareholders' meeting of May 28, 2009. Given that it is the intention that all shares that are tendered during the Offer be cancelled, it is proposed to call a general meeting of shareholders of the Company to give additional powers to the Board of Directors to cancel all or part of the company's own shares acquired now or in the future on the basis of the shareholders' authorization dated May 28, 2009 at the moment where it deems it necessary and where it considers it appropriate, together with the cancelation of the corresponding unavailable reserves, at the moment of the destruction, for the accounting value of such shares.

Offer price

The Board then discussed the features and implications of the Offer, in particular, the Offer price, on the basis of a valuation prepared by the Company, included as Annex J. On the basis of this valuation the Board decided to set the Offer price at €35 per share, which presented a 1.24% premium towards the closing price of the Company's share on August 11, 2012, and a 3.1% premium towards the average closing price of the Company's share during a period of three months preceding August 11, 2012. The Offer price is to be adjusted downwards by the gross amount of any distributions prior to the closing of the tender offer including the €3.25 per share to be paid on August 31, 2012 pursuant to the capital decrease approved by the extraordinary shareholders' meeting of Telenet on April 25, 2012. [...] *The Board approved this Offer to the maximum number of shares allowed under the May 28, 2009 authorization.*

[...]

DELIBERATION

The Board discussed the above and concluded that the combination of the adjustment to the capital structure and the revised shareholder remuneration will allow for a more efficient capital structure and a distribution policy that would present a benefit to all of its shareholders.

In this light, the Board approved the adjustment of the policy and also approved the Offer on the terms presented to the Board and requested management to prepare the Notification, on the understanding that the prospectus to be filed with the FSMA be presented for approval to the Board of Directors at its next meeting.

The Board also discussed the opinion of the ad hoc committee of independent directors, and concluded that it is in the interest of the Company that the Board of Directors, to the extent necessary, approves the proposed item.

[...]

THE BOARD THEN RESOLVED AS FOLLOWS ON THE DIFFERENT AGENDA ITEMS:

1. Change of the consolidated capital structure and additional indebtedness

The Board of Directors RESOLVED unanimously:

(A) that the Group's consolidated long-term Net Total Debt to Consolidated Annualized EBITDA (as defined in the Credit Facilities Agreement) may rise to 4.5x, implying additional indebtedness in an amount of an amount of €700 million (equivalent); and

(B) to approve the opening of a Data Room including information in respect of the Company, and to approve the entry by the Company into (i) the Intercompany Loan Agreements; (ii) the additional facility U and V agreements, substantially in the form included in Annexes F and G or any additional facility agreement in respect of a loan from Telenet Finance V Luxembourg SCA as a result of the issuance of multiple tranches of the senior secured notes offering for an aggregate principal amount which may not exceed EUR 700 million; (iii) the documents referred to in the schedules attached to the documents mentioned under (i) and (ii); and (iv) any other agreements, documents, declarations, certificates, notifications, deeds and formalities (including ancillary documents) in connection with the Proposed Financing Transactions, to which the Company is a party, and the transactions contemplated thereby.

2. Shareholder remuneration policy and share buy-back (in the form of a self-tender offer)

The Board of Directors RESOLVED unanimously:

(A) to adjust the shareholder remuneration policy of the Company to consist mainly of share buy-backs going forward;

(B) to approve the Offer on the terms presented to the Board, to purchase the maximum of shares authorized under the 2009 authorization, and to instruct management to prepare the Notification, on the understanding that the prospectus to be filed with the FSMA be presented for approval to the Board of Directors at its next meeting;

(C) to approve the press release in relation to the Offer substantially in the form presented to the Board of Directors included in Annex I and authorize its publication;

(D) to approve the convening of an extraordinary shareholders' meeting to give additional powers to the Board of Directors to cancel all or part of the company's own shares acquired now or in the future on the basis of the shareholders' authorization dated

May 28, 2009 at the moment where it deems it necessary and where it considers it appropriate, together with the cancellation of the corresponding unavailable reserves, at the moment of the destruction, for the accounting value of such shares, such convocation to be substantially in the form as set out in Annex L.

[…]".

At the meeting of September 25, 2012, the board of directors discussed, amongst other things, the appointment of a financial advisor to the board of directors in respect of the LGI Offer. The minutes of that meeting mention the following in this respect:

"[…]

OPENING STATEMENTS

Before opening the discussion, the Chairman called the attention of the Board to the fact that each director was to consider the items on the agenda and declare whether the procedure regarding conflicts of interest, as laid down in Article 523 of the Belgian Company Code, applied to him or her.

Mr. Duco Sickinghe then informed the Board of Directors of the fact that he, as a shareholder, holder of options on shares, and warrant holder of the Company, had a conflict of interest within the meaning of Article 523 of the Belgian Company Code in respect of the second and the third item of the agenda. Mr. Frank Donck then informed the Board of Directors that he, as one of the shareholders of Ibervest NV and 3D NV, indirectly owns shares in the Company, and may thus have a conflict of interest within the meaning of Article 523 of the Belgian Company Code in respect of the second and the third item on the agenda. Mr. Donck further stated that, although he considered his indirect holding was not of a nature to influence his judgment on the second and third agenda item, he would nevertheless follow the procedure of Article 523 of the Belgian Company Code in the case at hand.

Each of Mr. Duco Sickinghe and Mr. Frank Donck requested that his statement be recorded in the minutes of this Board meeting and declared that, in accordance with the said Article 523, he would not be taking part in both the discussion of the Board or the vote on these items (and would leave the telephone conference when these items were discussed and voted.). Mr. Alex Brabers agreed to chair the relevant portion of the meeting of the Board of Directors in the absence of Mr. Frank Donck ("Chairman pro tempore"). Mr Duco Sickinghe and Mr. Frank Donck requested that, in accordance with Article 523 of the Belgian Company Code, these minutes be communicated to the Company's auditor.

ABSTENTION BY DIRECTORS APPOINTED UPON PROPOSAL OF LGI

Mr. Charlie Bracken then informed the Board of Directors that the directors appointed upon proposal of Liberty Global, Inc. ("LGI"), although they had no conflict of interest within the meaning of Article 523 of the Belgian Company Code, would not actively be taking part in the discussion of the Board on the second and third agenda items and would abstain during the vote on the second and third agenda items. He further explained that the directors appointed upon proposal of LGI intended to act accordingly in respect of the future discussions of the Offer (as defined below) and ultimate approval of the Response Memorandum (as defined below) and any supplements thereto.

Messrs. Frank Donck and Duco Sickinghe subsequently left the telephone conference.

[…]

DELIBERATION AND RESOLUTIONS ON THE SECOND AND THIRD AGENDA ITEMS

INTRODUCTION

The Chairman pro tempore explained that the Board of Directors of the Company has a number of obligations resulting from the announcement, on September 19, 2012, by Binan Investments B.V. (a wholly-owned subsidiary of LGI, the Company's majority shareholder), of its intention to launch a voluntary and conditional offer in cash ("Offer") on all the shares and other securities of the Company giving access to voting rights that it does not already own or that are not held by the Company, on the basis of EUR 35 per ordinary share. LGI's Offer is subject to the Belgian Law of April 1, 2007 on takeover bids ("Law") and the Belgian Royal Decree of April 27, 2007 on takeover bids ("Royal Decree"). One of those obligations is for the Board of Directors to prepare and publish a response memorandum in accordance with Articles 22 to 30 of the Law and Articles 26 to 28 of the Royal Decree ("Response Memorandum"). Another requirement is for the independent directors within the meaning of Article 526ter of the Belgian Company Code ("Independent Directors") to appoint an independent expert in accordance with Article 21 of the Royal Decree.

DELIBERATION BY THE BOARD

1. Appointment of a financial advisor to the Board

The Chairman pro tempore observed that the Law and the Royal Decree require that the Response Memorandum, if LGI proceeds with the Offer, will need to be approved by the Financial Services and Markets Authority ("FSMA") prior to publication.

The Response Memorandum must include:

- *the Board's assessment of the Offer, i.e., the impact of the Offer taking into account the interests of the Company, its security holders, creditors and employees (including employment), and the strategic plans of LGI and their likely impact on the results of, and employment at, the Company and on any operating sites referred to in the prospectus; and*
- *any securities held by Board members or entities which they represent and whether they intend to tender these securities (Board members must then act in line with their declared intention, unless the Company discloses the contrary in a supplement to the Response Memorandum);*
- *any comments in respect of the LGI prospectus;*
- *any transfer restrictions in respect of the securities subject to the offer.*

In the context of a proposed takeover bid of the size and importance of the Offer, it is customary that the Board of Directors of the target company appoints a financial advisor to assist its Board of Directors in the assessment of the proposed takeover bid and in the preparation of the Response Memorandum assessing the proposed takeover bid.

The Independent Directors present briefed the Board of Directors on the meetings and interviews with a selection of investment banks and financial advisors on Monday, September 24, 2012 in which the Independent Directors present (other than Mr. Julien De Wilde, as representative of De Wilde J Management BVBA) and Mr. André Sarens participated (Mr. De Wilde only participated, by telephone conference, in the debriefing session at the end of the September 24, 2012 meetings). They then proposed to the Board of Directors to appoint UBS Limited as the Board's advisor in this matter considering their independence from LGI, their expertise and their [terms].

2. Appointment of an independent expert in accordance with Article 21 of the Royal Decree

The Independent Directors present observed that the Royal Decree also requires them to appoint an independent expert in accordance with Articles 20 to 23 of the Royal Decree in order for such independent expert to value the securities of the Company subject to the Offer and to comment on LGI's valuation procedures, and prepare the report required by Article 23 of the Royal Decree, which, if LGI proceeds with the Offer, will be included in the bid prospectus.

On September 24, 2012, the Independent Directors present (other than Mr. Julien De Wilde, as representative of De Wilde J Management BVBA) and Mr. André Sarens interviewed a selection of candidates and screened, among other matters, whether they complied with the independence requirements provided for in Article 22 of the Royal Decree (Mr. De Wilde only participated, by telephone conference, in the debriefing session at the end of the September 24, 2012 meetings). From these interviews, it appeared that very few did entirely. The Chairman pro tempore explained that he and the other Independent Directors present had concluded that Lazard Frères S.A.S.("Lazard") was the most suited candidate compared to others, and that they had decided to submit certain questions to the FSMA to obtain its views, and Cleary Gottlieb Steen & Hamilton LLP, counsel to the Company, was having discussions with the FSMA in this respect. The final decision on the appointment of the Independent Expert would therefore be postponed until confirmation by the FSMA that in its opinion Article 22 of the Royal Decree does not stand in the way of the appointment of Lazard as independent expert.

[…]

THE FOLLOWING RESOLUTIONS WERE THEN MADE

(A) The Board of Directors RESOLVED with unanimity of the votes cast (the directors appointed upon proposal of LGI abstained and Messrs. Donck and Sickinghe having left the telephone conference), to appoint UBS Limited as the Company's financial advisor referred to in 1, and to grant the power to any two independent directors to negotiate the terms of their engagement, and enter into such engagement; and […]".

It should be noted that Mr. Delloye did not participate in the discussions on the appointment of the independent expert in the meeting of the independent directors on September 24, 2012, after he stated during this meeting that he has acted since October 2010 as member of the Advisory Board of Lazard B.V., the sister company of Lazard Frères SAS ("Lazard"), which was one of the candidates for the position of independent expert, in order to avoid any appearance of positive bias towards Lazard, nor did he participate in the discussions and the voting in the meeting of the independent directors on October 2, 2012, in which the appointment of Lazard as independent expert and its terms were approved.

7.5.7 Application of legal rules regarding transactions between the Company and a related company

In the meeting of the board of directors of July 25, 2012, the board of directors resolved to apply article 524 of the Belgian Company Code in relation to a change in the shareholder remuneration policy and a share repurchase program by the Company financed by additional indebtedness (in the form of a conditional self-tender offer by the Company). An ad hoc committee (the "Ad Hoc Committee") was formed, composed of three independent directors within the meaning of Article 526 ter of the Company Code, being (i) Cytindus SA, represented by its permanent representative Mr. Michel Delloye, (ii) De Wilde J. Management BVBA, represented by its permanent representative Mr. Julien De Wilde, and (iii) Mr. Alex Brabers, to render the opinion required by this legislation. The Ad Hoc Committee appointed Degroof Corporate Finance NV as independent expert within the meaning of Article 524, §2, of the Belgian Company Code. The Company's auditor has been asked to prepare a report in relation to the faithful representation of the financial data included in the Ad Hoc Committee's opinion as well as the minutes of the Board of Directors.

In its meeting of August 11, 2012, the board of directors has approved the transaction. In the minutes of this meeting, the conclusion of the Opinion of the Ad Hoc Committee reads as follows:

"Taking into account the conclusions of the Expert, and taking into account the assessment and considerations described above, the Ad Hoc Committee is of the opinion that the Proposed Decision to amend the Company's current capital structure by moving the Company's leverage position towards the top-end of the previously announced range of 3.5 to 4.5x the leverage target, to amend the Company's current shareholder remuneration policy by implementing a shareholder remuneration policy consisting mainly of share repurchases, and to implement the foregoing by initiating a partial conditional tender offer on about 18.20% of Company's outstanding shares, to be financed with additional debt to be issued by the Company, is not of the nature to entail a prejudice that, in the light of the policy maintained by the Company, is manifestly undue (onrechtmatig / abusif), and does not prejudice the Company.

This is amongst other elements based on the current circumstances *on the debt capital markets that are expected to allow the Company to raise additional debt at attractive conditions, the strong cash flow generation of the Company's activities and the expected further growth, the absence of immediate other investment opportunities that the Company would not be able to finance otherwise, and the advantages offered of a share buy-back for shareholders.*

Also, the Ad Hoc Committee believes that the Proposed Decision and the Tender Offer should at least be neutral for the Company's current shareholders (other than LGI). In any event, shareholders will continue to keep the opportunity to sell via the market if market circumstances would change.

Furthermore, while the Ad Hoc Committee is of the opinion that the liquidity in the trading of the Company's shares on NYSE Euronext Brussels is not adversely affected by the contemplated tender offer, its members intend to continue to pay particular attention to the maintenance of adequate market liquidity in case of future share buy-backs.".

The decisions taken by the board of directors mention the following:

"Shareholder remuneration policy and share buy-back (in the form of a self-tender offer).

The Board of Directors RESOLVED unanimously:

(A) to adjust the shareholder remuneration policy of the Company to consist mainly of share buy-backs going forward;

(B) to approve the Offer on the terms presented to the Board, to purchase the maximum of shares authorized under the 2009 authorization, and to instruct management to prepare the Notification, on the understanding that the prospectus to be filed with the FSMA be presented for approval to the Board of Directors at its next meeting;

(C) to approve the press release in relation to the Offer substantially in the form presented to the Board of Directors included in Annex I and authorize its publication;

(D) to approve the convening of an extraordinary shareholders' meeting to give additional powers to the Board of Directors to cancel all or part of the company's own shares acquired now or in the future on the basis of the shareholders' authorization dated May 28, 2009 at the moment where it deems it necessary and where it considers it appropriate, together with the cancellation of the corresponding unavailable reserves, at the moment of the destruction, for the accounting value of such shares, such convocation to be substantially in the form as set out in Annex L.".

The report of the statutory auditor reads as follows:

"Assessment by the statutory auditor in accordance with article 524§3 of the Belgian Company Code – Advice of the committee of independent directors dated 11 August 2012 and minutes of the meeting of the Board of Directors held on 11 August 2012

FREE TRANSLATION OF THE REPORT ORIGINALLY PREPARED IN DUTCH

To the Board of Directors

In connection with the proposed voluntary public offer on own shares by Telenet Group Holding NV ("the Company") and the proposed financing of this public offer by the incurrence of additional indebtedness, we provide our assessment in accordance with article 524§3 of the Belgian Company Code of the faithful representation of the information included in (i) the advice of the committee of independent directors dated 11 August 2012 addressed to the Board of Directors of the Company, and (ii) in the minutes of the meeting of the Board of Directors of the Company held on 11 August 2012. Our assessment will be added to these minutes of the meeting of the Board of Directors and will be included in the annual report.

The proposed transaction envisages a voluntary public offer on own shares (the "public offer") by the Company, and the financing of this public offer by entering into one or more additional credit facilities through a subsidiary of the Company under the existing "Senior Credit Facility" of the Telenet Group, for a total amount of EUR 700 million.

In connection with our engagement, we have performed the following procedures:

a) We have obtained the advice of the committee of independent directors dated 11 August 2012 addressed to the Board of Directors of the Company, and have compared the financial data included in this advice with the report of the independent expert Degroof Corporate Finance NV dated 11 August 2012 in respect of the public offer.

b) We have obtained the minutes of the meeting of the Board of Directors of the Company held on 11 August 2012 and we have compared the conclusion in these minutes regarding the proposed transaction with the conclusion included in the advice of the committee of independent directors dated 11 August 2012.

Based on the aforementioned procedures, we can conclude that:

- *in respect of item a) above, the financial data included in the advice of the committee of independent directors dated 11 August 2012 agree to the report of the independent expert Degroof Corporate Finance NV dated 11 August 2012;*
- *in respect of item b) above, the conclusion included in the minutes of the meeting of the Board of Directors of the Company held on 11 August 2012 with respect to the proposed transaction agrees to the conclusion included in the advice of the committee of independent directors dated 11 August 2012; and*
- *the financial data included in the advice of the committee of independent directors and in the minutes of the meeting of the Board of Directors are represented faithfully. We have, however, not assessed the public offer or the expediency of the decision of the Board of Directors.*

The present report has been prepared for solely for the information and use of the Board of Directors of Telenet Group Holding NV in application of article 524§3 of the Belgian Company Code in connection with the proposed transaction described above. It may not be used for any other purpose.

Brussels, 13 August 2012
KPMG Bedrijfsrevisoren
Commissaris
Represented by

Jos Briers Bedrijfsrevisor	Götwin Jackers Bedrijfsrevisor

7.5.8 Comments on the measures taken to comply with the legislation concerning insider dealing and market manipulation (market abuse)

Telenet adopted a Code of Conduct related to inside information and the dealing of financial instruments addressing directors, senior staff and other personnel that could dispose of inside information. The Code of Conduct explains what constitutes improper conduct and what the possible sanctions are. Transactions are not allowed to be executed during certain closed periods and need to be reported as soon as possible to the Compliance Officer of the Company. Transactions by members of the Executive Team must also be reported to the Belgian Financial Services and Markets Authority in accordance with Belgian legislation.

7.6 Daily management

a. General

The Managing Director is responsible for the daily management of the Company.

The Managing Director is assisted by the executive management ("Executive Team"), of which he is the chairman, and that does not constitute a management committee within the meaning of article 524bis of the Belgian Company Code.

As of March 1, 2012, Mr. Vincent Bruyneel has joined the Executive Team as Senior Vice President Strategy, Investor Relations & Corporate Communication. He is responsible for the strategy of the Company, beside his former tasks as head of the investor relations and the communication department of the Company.

Following this reorganization, the Executive Team was composed as follows as from March 1, 2012:

Name	Year of birth	Position
Duco Sickinghe	1958	Chief Executive Officer and Managing Director
Jan Vorstermans	1960	Chief Operating Officer
Patrick Vincent	1963	Chief Commercial Officer
Renaat Berckmoes	1966	Chief Financial Officer
Luc Machtelinckx	1962	Executive Vice President - General Counsel
Claudia Poels	1967	Senior Vice President Human Resources
Inge Smidts	1977	Senior Vice President Residential Marketing
Herbert Vanhove	1969	Senior Vice President Product Management
Martine Tempels	1961	Senior Vice President Telenet Solutions
Ann Caluwaerts	1966	Senior Vice President Public Affairs & Media Management
Vincent Bruyneel	1975	Senior Vice President Stragey, Investor Relations & Corporate Communication

As of February 25 2013, Mr. Herbert Vanhove left Telenet. The product management division has been integrated into the marketing department.

On March 5, 2013, the Company announced that the board of directors had accepted the resignation of Mr. Duco Sickinghe as Managing Director and CEO of the Company, effective as of March 31, 2013. On the same day, the Company announced the appointment of Mr. John Porter as CEO of the Company per April 1, 2013.

The Managing Director is authorized to legally bind the Company acting individually within the boundaries of daily management and for specific special powers that were granted to him by the board of directors. In addition, the board of directors has granted specific powers to certain individuals within the Telenet Group. The latest delegation of powers has been published in the Annexes of the Belgian Official Journal on July 18, 2012.

b. Conflicts of interest

Pursuant to the Corporate Governance Charter, the members of the Executive Team are deemed to avoid, to the extent possible, to perform any actions, to defend certain positions, and to pursue certain interests, if this would conflict, or would give the impression to conflict, with the interests of the Company. If such conflicts of interest would occur, the concerned member of the Executive Team shall immediately inform the CEO hereof, who will in turn inform the chairman of the board of directors.

Transactions and/or business relationships between members of the Executive Team and one or more companies of the Telenet Group should in any case take place at normal market conditions.

c. Biographies of the members of the Executive Team

The following paragraphs set out the biographical information of the members of the Executive Team of the Company:

Duco Sickinghe, Chief Executive Officer (until March 31, 2013)

Duco Sickinghe has worked for more than 25 years in the technology and media industry. He holds a Dutch Master's degree in Law from Utrecht University and a Master's degree in Business Administration from Columbia University. His focus has been on finance, marketing, strategy and general management. Mr. Sickinghe started his career in finance with Hewlett Packard in its European headquarters in Switzerland. He then moved to Germany to become head of marketing of the LaserJet product line for Europe. He concluded his tenure at HP Europe by building out its indirect sales channels. He served at NeXT Computer, first as Vice President Marketing Europe and then as General Manager for France. After leaving NeXT, Mr. Sickinghe became co-founder and Chief Executive Officer of Software Direct, which later became a joint venture with Hachette in Paris. Mr. Sickinghe joined Wolters Kluwer in 1996, and as General Manager of Kluwer Publishing in the Netherlands oversaw its transition to electronic media and re-engineered the Company's traditional business. He joined Cable Partners Europe in early 2001 and was appointed as Chief Executive Officer of Telenet in the summer of 2001. Mr. Sickinghe has lived in Belgium, the United States, France, Germany, Switzerland and the Netherlands. Mr. Sickinghe is also a member of the board of directors of Zenitel NV (Belgium) and of Central European Media Enterprises Ltd. (US).

John Porter, Chief Executive Officer (as of April 1, 2013)

John Porter currently serves as Chairman and non-executive director on the board of the listed company Enero and oOh!media, Australia's largest outdoor media company. From 1995 to May 2012 he was Chief Executive Officer of AUSTAR United Communications, Australia, a leading provider of subscription television and related products in regional Australia. The company was wholly acquired by Foxtel, a joint venture between News Corp and Telstra, in May 2012. Mr. Porter led the growth of Austar since inception becoming its CEO at the time of the 1999 IPO. Previously John Porter also served as Chief Operating Officer, Asia Pacific for United International Holdings, the predecessor company to Liberty Global. From 1989 to 1994 John Porter was President, Ohio Division, Time Warner Communications. He started his career at Group W Broadcasting and Cable, as director Government Relations before becoming General Manager of Westinghouse Cable Systems in Texas and Alabama.

Jan Vorstermans, Chief Operating Officer

Jan Vorstermans joined the Telenet Group as Senior Vice President - Technology, Engineering and Network Operations in February 2003. As of October 2010, Mr. Vorstermans was appointed Chief Operating Officer and deputy CEO. From 1994 to 2003, Mr. Vorstermans held several executive positions in British Telecom's Belgian operations, including as Director Customer Service Belgium, Director Operations Belgium and, most recently, Vice President Global Network Operations.

Renaat Berckmoes, Chief Financial Officer

Renaat Berckmoes joined Telenet as Treasurer in November 2001 and until the end of 2006 he was Group Treasurer and Director Investor Relations. In these roles, his principal responsibilities involved all of Telenet's financing transactions and acquisitions. Among the key acquisitions, that Mr. Berckmoes oversaw, were the acquisition of the cable assets of the mixed intermunicipalities, Canal+ Flanders, Codenet, UPC Belgium, the acquisition of the analog and digital television customer base of certain pure intermunicipalities (Interkabel) and long-term leasing rights on their cable network. The most significant financings he was involved in, were the Company's public bond issues in 2003, the initial public offering in 2005 and various refinancing of the Company's Senior Credit Facility, including the public bond issues in 2010 and 2011. Prior to joining Telenet, Mr. Berckmoes worked at Solutia (Chemicals) from 1998 to 2001, where he worked as Credit Manager EMEA and European Treasurer, and from 1993 to 1998 at KBC Bank.

Patrick Vincent, Chief Commercial Officer

Patrick Vincent joined Telenet in September 2004. He is currently Chief Commercial Officer. Mr. Vincent started his career in 1989 in the food industry as Business Unit Manager of the cash and carry division at NV Huyghebaert. From 1994 to 1998 he was responsible for product sales and in 1998 was promoted to Commercial Director. From 2000 to 2004 he worked at Tech Data, an information distribution Company, as Sales Director for Belgium and Luxembourg, and in 2002 was promoted to the role of Director for Sales and Marketing.

Luc Machtelinckx, Executive Vice President - General Counsel

Luc Machtelinckx joined Telenet as Director Legal Affairs in February 1999. In this function, he was closely involved in the initial commercial steps, as well as the further development of Telenet's telephony and internet offerings. After the acquisition of the cable assets of the mixed intermunicipalities, Mr. Machtelinckx specialized in cable television legal affairs and more specifically, he played an important role in the iDTV project. In January 2007, Mr. Machtelinckx was appointed Vice President and General Counsel and as of January 2008 Senior Vice President and General Counsel. Since April 2009, Mr. Machtelinckx was appointed Executive Vice President and General Counsel. Prior to joining Telenet, Mr. Machtelinckx worked for 11 years at Esso Benelux in various legal and HR functions as well as for three 3 years at BASF Antwerp as Legal Manager and as Communication Manager.

Claudia Poels, Senior Vice President Human Resources

Claudia Poels joined the Telenet Group in May 2008 as Vice President Human Resources. Since June 15, 2009, she joined the Executive Team as Senior Vice President Human Resources. Prior to joining the Telenet group, Mrs. Poels worked since 1992 at EDS, where she gained extensive experience working within various human resources disciplines. In 2002, Mrs. Poels was promoted to HR Director of the Belgian and Luxembourg entity, and in 2006 she became the HR Operations Director for Northern Europe.

Inge Smidts, Senior Vice President Residential Marketing

Inge Smidts joined the Telenet Group in November 2009 and was responsible for Go-to-Market reporting to the Executive Vice President – Residential Marketing until she joined the Executive Team in October 2010. Prior to joining the Telenet Group, Mrs. Smidts had over ten years of experience at Procter & Gamble, where she started as Assistant Brand Manager and was regularly promoted up to Business Leader for the Benelux Paper business. Mrs. Smidts holds a Master of Economics degree from UFSIA in Antwerp and an MBA in Marketing from the IAE in Aix-en-Provence.

Martine Tempels, Senior Vice President Telenet for Business

Martine Tempels joined the Telenet Group in January 2009. She is responsible for the Telenet Group's business-to-business division and joined the Executive Team in October 2010. Mrs. Tempels started her career as Account Manager at NCR. In 1996, Mrs. Tempels moved to EDS to become Account Manager and subsequently assumed additional responsibilities as Business Unit Manager for the financial and commercial sector. In 2007, Mrs. Tempels was appointed Application Service Executive for the Northern and Central Region EMEA. Mrs. Tempels holds a Master in Business and Economics from Vrije Universiteit Brussel.

Ann Caluwaerts, Senior Vice President Public Affairs & Media Management

Ann Caluwaerts has joined the Executive Team of the Telenet Group as of April 1, 2011, as Senior Vice President Media & Public Affairs. She has more than 20 years of international experience in the technology and telecom sector. The last 17 years, Mrs. Caluwaerts held several positions within British Telecom (BT), one of the world's biggest suppliers of Communications solutions and services. Her latest position at BT is Vice President Service Strategy & Programs, responsible for the transformation of BT Global Services.

Vincent Bruyneel, Senior Vice President Strategy, Investor Relations & Corporate Communication

Vincent Bruyneel started his career in 1998 with Procter & Gamble as Financial Controller for the European Headquarters. In 2000, he moved on to Capco, a global financial services consulting firm, to become Financial Analyst with a focus on corporate planning and reporting. After an international assignment in New York, he became global head of corporate planning and reporting. He concluded his tenure at Capco as Principal Consultant overlooking the firm's corporate finance activities. Mr. Bruyneel joined Telenet in late 2004 and was appointed Manager Group Planning & Reporting, responsible for the company's long-range plan, budgets and corporate reporting. In 2007, he became Director Investor Relations and assumed additional responsibilities as Group Treasurer in 2008. Since 2010, Mr. Bruyneel has been appointed Vice President Investor Relations, Corporate Finance and Corporate Development. As of March 1 2012, he joined the Executive Team as Senior Vice President Strategy, Investor Relations & Corporate Communication.

7.7 Remuneration report

7.7.1 Remuneration of directors

The general meeting of shareholders of the Company approved the remuneration principles of the non-executive directors of the Company in its meetings of May 31, 2007 and April 28, 2010. Each non-executive director's remuneration consists of an annual fixed fee, increased with an attendance fee per attended meeting of the board of directors. All directors, except the Chief Executive Officer and the directors appointed upon nomination of the Liberty Global Group, receive an annual fixed fee of €30,000 each. The chairman of the board of directors receives an annual fixed fee of €60,000. For each attended scheduled meeting of the board of directors, these directors receive an amount of €2,500. The directors appointed upon nomination of the Liberty Global Consortium, receive an annual fixed fee of €12,000 each. For each attended scheduled meeting of the board of directors, they receive an amount of €2,000. The annual fixed fees are only due if the director attends at least half of the scheduled board meetings. No additional remuneration is awarded for (attending) committee meetings. The observer to the board of directors is paid in the same way as the independent directors of the Company. In principle no additional remuneration is paid to the directors by other companies of the Telenet Group.

The CEO, who is the only executive director, is not remunerated for the exercise of his mandate as member of the board of directors of any of the Telenet companies.

For the year 2012, the aggregate remuneration of the members of the board of directors and the observer amounted to €433,000 for the Company (see table below for individual remuneration).

Each of the directors residing in Flanders and Brussels further receive a price reduction on the Telenet products they order. These benefits in kind represent in average an amount between €500 and €2,000 per year. The Company believes it is important that directors are familiar with, and have a good knowledge of, the products and services of Telenet.

None of the directors (except the CEO of the Company) receives: (i) variable remuneration within the meaning of the Law of April 6, 2010 and (ii) any profit-related incentives, option rights, shares or other similar fees.

Pursuant to Belgian legislation and regulations, all board members (or persons related to them or entities fully controlled by them) must report details of their (transactions in) stock options and shares of the Company to the Belgian Financial Services and Markets Authority.

The individual remuneration for each member of the board of directors and the observer to the board is set out in the table below.

Name	Remuneration 2012
Frank Donck (CM)	€82,500
Alex Brabers	€52,500
Michel Delloye (Cytifinance NV)	€22,500
Michel Delloye (Cytindus NV)	€30,000
Julien De Wilde (De Wilde J. Management BVBA)	€42,500
Friso van Oranje-Nassau	-
André Sarens (*)	€52,500
Duco Sickinghe	-
Charles H. Bracken	€26,000
Diederik Karsten	-
Manuel Kohnstamm	€2,000
Niall Curran	€2,000
Ruth Elisabeth Pirie	€22,000
Balan Nair	€2,000
Jim Ryan	€24,000
Angela McMullen	€12,000

CM: Chairman

(*) This amount covers his remuneration as director and as observer to the board of directors

The Company expects the remuneration principles of the directors of the Company for the next two financial years to be in line with the proposed resolution put before the annual general shareholders' meeting of April 24, 2013.

7.7.2 Remuneration of Executive (management) Team

1. General remuneration principles

The determination and evolution of Telenet's remuneration practices are closely linked with the growth, results and success of the Company as a whole. The Company's remuneration policy is built around internal fairness and external market competitiveness. These principles are materialized through HR tools like function classification, career paths, and external benchmarking. The strategy of the Company aligns competitive pay with the interests of shareholders and other stakeholders, aiming for an optimal balance between offering competitive salaries and avoiding excessive remuneration, whilst maintaining focus on performance and results. This implies that the Company's policies are reviewed constantly and adapted where needed.

Telenet strives for an optimal mix between the different components of the remuneration package, comprising elements of fixed pay and elements of variable pay. As examples, the Company's policy on fringe benefits offers good social support in terms of extra-legal pension, life and disability coverage and medical insurance; all of Telenet's employees can benefit from reductions or additional benefits on Telenet products; and shareholdership of the Company is encouraged via employee stock purchase plans and other long term incentive plans. Telenet experiences that this balanced remuneration policy helps to attract and retain top talent.

Performance management and the achievement of results is another anchoring element in the Company's total rewards strategy: the vast majority of its employees are evaluated on and rewarded according to (i) the achievement of individual and/or corporate objectives and (ii) their functioning in line with the Telenet Competence and Leadership Model. Throughout the Company's remuneration policy, customer loyalty (measured by means of a Customer Loyalty Score – see further below) plays a pivotal role.

Telenet also sets up various initiatives to create and maintain a good work-life balance for all its employees.

2. Remuneration principles for executive management

a) General

The Remuneration & Nomination Committee prepares a proposal for the remuneration principles and remuneration level of the CEO and submits it for approval to the board of directors.

The CEO prepares a proposal for determining the remuneration principles and remuneration level of the members of the Executive Team (other than the CEO) for submission to the Remuneration & Nomination Committee. The Remuneration & Nomination Committee discusses (and possibly amends) this proposal and submits it for approval to the board of directors.

The remuneration policies of the CEO and the members of the Executive Team are based on principles of internal fairness and external market competitiveness. The Company endeavours to ensure that the remuneration of the Executive Team consists of an optimal mix between various remuneration elements.

Each member of the Executive Team is remunerated in function of (i) his/her personal functioning and (ii) pre-agreed (company-wide and individual) targets. For 2012, 50% of management's bonuses (other than the CEO) depend on financial and operational targets, 17.5% on personal targets, 17.5% on leadership targets and 15% on customer loyalty. The functioning of each member of the Executive Team is assessed on the basis of the Telenet Competence and Leadership Model and customer loyalty is measured through a Customer Loyalty Score (CLS), which is calculated according to a pre-agreed formula whereby the input data is gathered on a monthly basis by an independent professional surveying firm.

Within the limits of the existing stock option and warrant plans approved by the general shareholders' meeting, the board of directors, upon recommendation of the Remuneration & Nomination Committee, can also grant warrants and/or stock options to the members of the Executive Team.

The Performance Shares Plan 2012 for members of the Executive Team contains a provision regarding the "claw back" of variable remuneration granted in case of restatement of the Company's financial statements. There are no such provisions in the warrant agreements and the SSOP 2010-2014 agreement with the CEO.

In accordance with Belgian legislation and regulations, details of (transactions in) stock options and shares held by all members of the Executive Team (or persons related to them or entities fully controlled by them) are reported to the Belgian Financial Services and Markets Authority.

In 2011, the variable remuneration of the CEO and the members of the Executive Team of the Company was reviewed in order to comply with the binding provisions of the Law of April 6, 2010 and the relevant principles of the Belgian Corporate Governance Code on executive remuneration. The general shareholders' meeting of April 27, 2011 approved the current remuneration principles of the CEO and the other members of the Executive Team.

The Company expects the remuneration principles of the members of the Executive Team of the Company for the next two financial years to be in line with the current remuneration policy.

b) Remuneration principles for the CEO

The CEO's annual remuneration package consists of a fixed part, a variable part, premiums paid for group insurance and benefits in kind.

The variable cash remuneration of the CEO is based on his general performance over the year. Every year, the Remuneration & Nomination Committee formulates a bonus and merit proposal for approval by the board of directors. For 2012, the Remuneration & Nomination Committee proposed to the board of directors (i) to grant a cash bonus to the CEO for 2012 equal to €841,500; (ii) to determine his fixed compensation for 2013 to €765,000 (unchanged compared to 2012); (iii) to determine the maximum cash bonus for 2013 to be 110% of the 2013 annual fixed compensation.

The CEO is eligible for share-based remuneration. For details on the share-based remuneration of the CEO (including the share-based remuneration received in 2012), please see section 3.b) below.

c) Remuneration principles for the members of the Executive Team (excluding the CEO)

The annual remuneration of the members of the Executive Team (excluding the CEO) consists of a fixed salary (including holiday pay and thirteenth month), a variable part, premiums paid for group insurance and benefits in kind.

The agreements with the members of the Executive Team (excluding the CEO) do not contain specific references to the criteria to be taken into account when determining variable remuneration, which deviates from provision 7.17 of the Belgian Corporate Governance Code 2009. The Company sets out the principles of variable remuneration in a general policy because it believes that there should be sufficient flexibility in the determination of the variable remuneration principles in function of prevailing market circumstances.

The variable cash remuneration depends on performance criteria relating to the relevant financial year. With respect to the bonus for each member of the Executive Team (excluding the CEO) for performance year 2012, 15% was linked to the Customer Loyalty Score, which is measured according to a pre-agreed formula whereby the input data is gathered on a monthly basis by an independent professional surveying firm (see higher) and 35% was linked to their performance as leader of their department and as an individual. Upon advice of the CEO, the Remuneration and Nomination Committee decides on the achievement of the performance criteria of each member of the Executive Team as leader of their department and as an individual.

For 2012, the board of directors approved to grant a total variable package to the members of the Executive Team (excluding the CEO) and one other manager, composed of a cash bonus and performance shares (the "2012 Telenet Performance Shares"). These performance shares will only be definitively acquired by the beneficiaries after a period of three years, subject to the achievement of certain performance criteria over three years. These performance shares are contractual rights to receive, subject to certain performance based criteria, existing ordinary shares for free from the Company.

In addition, the pay out of the cash bonus to members of the Executive Team (excluding the CEO) will be linked to meeting certain predetermined performance criteria over a one-year period. When these criteria are met, 50% of the acquired cash bonus will be paid out in the year following the performance year, 25% will be paid out in the second year following the performance year and 25% will be paid out in the third year following the performance year, provided that the members of the Executive Team are still in service at the relevant payment dates. All performance criteria will be determined by the CEO and the Remuneration & Nomination Committee and validated by the board of directors.

The members of the Executive Team (excluding the CEO) are eligible for share-based remuneration. For details on the share-based remuneration of the members of the Executive Team (including the share-based remuneration received in 2012), please see section 4.b) below.

The general shareholders' meeting of the Company approved the relevant terms of this remuneration package on April 27, 2011, in accordance with the provisions of the Law of April 6, 2010.

3. Remuneration CEO

a) Cash-based remuneration

In 2012, the Managing Director (CEO), Mr. Duco Sickinghe, was granted the following remuneration: (i) a fixed remuneration of €765,000, (ii) a variable remuneration of €841,500, (iii) paid premiums for group insurance for a total amount of €47,583 and (iv) benefits in kind valued at €71,349. As mentioned in section 7.7.1, the CEO is not remunerated for the exercise of his mandate as director of the Company or any of the Telenet companies.

The relative importance of these components is: fixed remuneration 44.34%, variable remuneration 48.77%, paid premiums for group insurance 2.75% and benefits in kind 4.14%.

This cash-based variable remuneration, together with the share-based variable remuneration under the SSOP 2010-2014 (see below), constitutes the total variable remuneration of the CEO for purposes of the Law of April 6, 2010, as approved by the general shareholders' meeting of April 27, 2011.

The CEO's pension plan is a defined contribution scheme, financed by contributions from Telenet, amounting to €47,583 in 2012.

The benefits in kind consist of insurances for medical costs, life and disability, and a company car. The CEO further receives a price reduction with respect to Telenet products and services he orders.

He receives no benefit in cash linked to a performance period of longer than one year.

b) Share-based remuneration

The CEO did not receive shares of the Company during the last financial year.

On September 4, 2010, the CEO received 850,000 options under the Special Stock Option Plan 2010-2014 ("SSOP 2010-2014"). These options are options of a contractual nature to acquire existing shares and not warrants.

The term of the options is seven years, so all of the options granted, or to be granted under the SSOP 2010-2014 have an expiration date of September 4, 2017. The options vest in four installments, on respectively March 1, 2011, March 1, 2012, March 1, 2013 and March 1, 2014.

The exercise price of the options is equal to: (i) the fair market value of the shares underlying the options at the time of grant for the first installment of 250,000 options, (ii) the aforementioned fair market value increased by one euro for the second installment of 200,000 options, (iii) the aforementioned fair market value increased by two euro for the third installment of 200,000 options and (iv) the aforementioned fair market value increased by three euro for the fourth installment of 200,000 options.

The vesting is performance based. The annual performance based vesting conditions are determined annually by the Remuneration & Nomination Committee, in consultation with the CEO. Upon a change of control over the Company and upon a de-listing of the Company, all options vest immediately and automatically. The options cannot be exercised before the end of the third calendar year following the year of grant.

The shares that can be acquired upon the exercise of the options are furthermore subject to the following retention features (applicable to each separate exercised tranche): (i) in the 90 days following the exercise of the options, the respective shares can only be sold up to an amount required to recover the tax and exercise price related to the exercised options, (ii) in the subsequent period of 270 days, a maximum of 50% of the remaining shares may be sold before the termination of the professional relationship with the Telenet Group, and (iii) the balance of the shares may only be sold following the end of the 18th month following the month in which the respective exercise period ended.

In October 2010, the first 250,000 stock options under this plan were granted with an initial exercise price of €23.00 per option. Both the number of options and the exercise price were amended after the payment of the capital reduction of the Company in July 2011 and after the payment of the capital reduction of the Company in August 2012 (see table below). The performance based conditions for the first installment related to the EBITDA of the Telenet Group on a consolidated basis, the customer loyalty/satisfaction achieved by the Telenet Group and the product and services innovation within the Telenet Group. On February 23, 2011, the Remuneration & Nomination Committee determined that these performance criteria had been achieved for 2010, resulting in the vesting of these 250,000 options (320,614 options after giving effect to the impact of the 2011 and 2012 capital reductions) on March 1, 2011, with an exercise price of €17.94 per option (after giving effect to the impact of the 2011 and 2012 capital reductions).

On February 23, 2011, the Remuneration & Nomination Committee, in consultation with the CEO, determined the performance criteria for a second tranche of 200,000 options under the SSOP 2010-2014 with an initial exercise price of €24.00. The performance based conditions for the second installment related to the free cash flow of the Telenet Group on a consolidated basis, customer satisfaction, sustainability and the product and services innovation within the Telenet Group. The board of directors determined on February 15, 2012 that the applicable performance criteria had been achieved for 2011, which resulted in the vesting of these 200,000 options (256,490 options after giving effect to the impact of the 2011 and 2012 capital reductions) on March 1, 2012, with an exercise price of €18.72 per option (after giving effect to the impact of the 2011 and 2012 capital reductions).

On February 15, 2012, the Remuneration & Nomination Committee, in consultation with the CEO, determined the performance criteria for a third tranche of 200,000 options under the SSOP 2010-2014 with an initial exercise price of €25.00. The performance based conditions for the third installment related to the free cash flow of the Telenet Group on a consolidated basis, customer satisfaction, sustainability and the product and services innovation within the Telenet Group. The board of directors determined on February 11, 2013 that the applicable performance criteria had been achieved for 2012, which resulted in the vesting of these 200,000 options (256,490 options after giving effect to the impact of the 2011 and 2012 capital reductions) on March 1, 2013, with an exercise price of €19.50 per option (after giving effect to the impact of the 2011 and 2012 capital reductions).

All warrants under the ESOP 2007, ESOP 2008 and ESOP 2009 can be exercised for an equal number of shares.

All options granted to the CEO under the SSOP 2010-2014, give the CEO the right to acquire existing shares of the Company, on a one to one basis.

During 2012, the CEO exercised 346,025 ESOP 2004 Class A options, which were all converted into 346,025 ordinary shares of the Company on April 25, 2012. The CEO did not exercise any other options or warrants nor were any of his options or warrants forfeited.

However, in order to be able to remain neutral in the context of the LGI Offer, the CEO – after approval by the Remuneration & Nomination committee of the Company - transferred his 346,025 shares and all his vested warrants on November 30, 2012 and on January 2, 2013 to the Dutch Stichting Administratiekantoor DAK, which could decide autonomously whether or not to tender these securities to the LGI Offer.

Per December 31, 2012, the CEO owned the following options and warrants, taking into account the transfer of 462,252 ESOP 2008 warrants, 229,664 ESOP 2009 warrants and 164,340 ESOP 2007 quinquies warrants by the CEO to Stichting Administratiekantoor DAK in November 2012:

Name Plan		Number of options or warrants outstanding	Current exercise price	Vesting	Expiration date
ESOP 2007 quinquies warrants		54,784	€13.75	Vesting quarterly	December 4, 2014
ESOP 2009 warrants		32,814	€9.75	Vesting quarterly	May 27,2014
SSOP 2010-2014 options					
	first installment	320,614	€17.94	All vested	September 4, 2017
	second installment	256,490	€18.72	All vested	September 4, 2017
	third installment	256,490	€19.50	All vested	September 4, 2017
	fourth installment	256,490	€20.27	March 1, 2014 (*)	September 4, 2017

(*) Vesting based on achievement performance citeria in previous financial year.

c) Termination arrangements

Mr. Duco Sickinghe will resign as CEO of the Company as of March 31, 2013 and as director of the Company as of April 24, 2013. During a limited period of time, he will provide certain transition services to the company. For 2013, Mr. Sickinghe will receive a total cash remuneration equal to his cash remuneration in 2012. For a limited period of time, Mr. Sickinghe will also continue to benefit from certain other advantages that were granted by the Company in the past as part of his remuneration package. The last tranche of options under the SSOP 2010-2014 will in principle vest in favor of Mr. Sickinghe if the performance criteria determined by the Remuneration & Nomination Committee (in accordance with the terms and conditions of the SSOP 2010-2014) will have been achieved. A non-compete undertaking for Belgium, subject to standard limitations, applies until December 31, 2014.

4. Remuneration Executive Team

a) Cash-based remuneration

In 2012, the aggregate remuneration paid to the other members of the Executive Team (excluding the CEO), amounted to €3,314,718. All members of the Executive Team (excluding the CEO) have an employment agreement with Telenet NV.

This amount is composed of the following elements (for all members jointly, excluding the CEO): (i) a fixed salary of €2,126,468, (ii) a variable salary of €732,726 (constituting 50% of the total cash bonus for 2012 and 25% of the total cash bonus for 2011, see above under 2.c)), (iii) paid premiums for group insurance for an amount of €162,057 and (iv) benefits in kind valued at €293,466. All amounts are gross without employer's social security contributions.

The members of the Executive Team (excluding the CEO) benefit from a defined benefit pension scheme. The plan is financed by both employer and employee contributions. The total service cost (without contributions of the employees) amounted to €278,200.

The benefits in kind consist of insurances for medical costs, life and disability, a company car, representation allowance and luncheon vouchers.

The members of the Executive Team (excluding the CEO) further receive a price reduction with respect to Telenet products or services they order.

They receive no benefit in cash linked to a performance period of longer than one year.

b) Share-based compensation

The members of the Executive Team (excluding the CEO) and one other manager received performance shares of the Company during 2012 (the 2012 Telenet Performance Shares). The performance target applicable to the 2012 Telenet Performance Shares is the achievement of a compound annual growth rate ("CAGR") for operating free cash flow ("OFCF"), when comparing 2014 OFCF to 2011 OFCF. A performance range of 75% to 150% of the target OFCF CAGR would generally result in award recipients earning 50% to 150% of their 2012 Performance Shares, subject to reduction or forfeiture based on individual performance and service requirements.
The Telenet Performance Shares Plan 2012 contains a provision regarding the "claw back" of variable remuneration granted in case of restatement of the Company's financial statements.

An overview of the numbers of 2012 Telenet performance shares granted in 2012 to (and accepted by) the members of the Executive Team can be found below:

Name	Number of performance shares granted and accepted
Jan Vorstermans	4,037
Patrick Vincent	3,244
Renaat Berckmoes	2,989
Luc Machtelinckx	2,954
Claudia Poels	2,510
Martine Tempels	2,500
Inge Smidts	2,335
Herbert Vanhove	2,649
Ann Caluwaerts	2,586
Vincent Bruyneel	2,006

It should also be noted that the 2011 Telenet Performance Shares were amended following the payment of the capital reduction in 2012, whereby the number of performance shares was increased by the same factor 0.905523 as used for the amendment of warrants and options.

The members of the Executive Team (excluding the CEO) did not receive any other shares of the Company during 2012.

On December 31, 2012 the members of the Executive Team (excluding the CEO) held in aggregate 765,690 warrants under the ESOP 2007 and 328,282 warrants under the ESOP 2010. Each warrant can be exercised for one share. The vesting of these warrants occurs progressively (per quarter) over a period of four years. After vesting, the warrants can be exercised immediately.

An overview of the warrants exercised by the current members of the Executive Team (excluding the CEO) during 2012 can be found in the table below:

Name	Number of warrants exercised	Exercise Price	Plan
Before modification on August 28, 2012 in relation to payment of capital reduction			
Renaat Berckmoes	83,216	€10.98	ESOP 2007 bis
Vincent Bruyneel	7,155	€10.98	ESOP 2007 bis
Luc Machtelinckx	11,555	€10.98	ESOP 2007 bis
	9,978	€10.88	ESOP 2007 quater
	3,992	€20.68	ESOP 2010 primo
Patrick Vincent	18,772	€10.98	ESOP 2007 bis
	5,000	€10.88	ESOP 2007 quater
	5,000	€20.68	ESOP 2007 septies
Claudia Poels	17,325	€11.13	ESOP 2007 ter
Inge Smidts	1,680	€14.83	ESOP 2007 sexies
	7,258	€20.68	ESOP 2010 primo
After modification on August 28, 2012 in relation to payment of capital reduction			
Jan Vorstermans	60,000	€9.94	ESOP 2007 bis
Claudia Poels	2,737	€10.08	ESOP 2007 ter
	31,895	€9.85	ESOP 2007 quater
Luc Machtelinckx	3,583	€9.85	ESOP 2007 quater
	8,817	€18.73	ESOP 2010 primo
Martine Tempels	34,704	€9.85	ESOP 2007 quater
	17,413	€18.73	ESOP 2010 primo
Inge Smidts	1,855	€13.43	ESOP 2007 sexies
	8,015	€18.73	ESOP 2010 primo
Ann Caluwaerts	5,522	€23.86	ESOP 2010 ter

c) Termination arrangements

Some employment agreements of members of the Executive Team, all concluded before July 2009, contain termination arrangements providing for a notice period which can exceed twelve months in case of termination by Telenet NV (other than for cause):

Mr. Jan Vorstermans has a contractual termination clause, providing for a notice period in case of termination by the Company (except for cause) to be calculated on the basis of the 'formula Claeys', with a minimum of 7 months.

Mr. Luc Machtelinckx has a contractual termination clause, providing for the performance during a notice period in case of termination by the Company (except for cause) to be calculated on the basis of the 'formula Claeys', which may be replaced (with the prior agreement of Mr. Machtelinckx) by an indemnification payment (without performance).

Mr. Herbert Vanhove had a contractual termination clause, providing for a notice period in case of termination by the Company (except for cause or material underperformance) of minimum 8 months.

The employment agreements with Mrs. Martine Tempels, Mrs. Inge Smidts, Mr. Herbert Vanhove and Mr. Vincent Bruyneel, all concluded when they were not yet members of the Executive Team (and before May 4, 2010, i.e. the date of entry into force of the Law of April 6, 2010), do contain specific provisions relating to early termination, although they do not contain a clause specifying that severance pay in the event of early termination should not exceed 12 months' remuneration, which for the latter point deviates from provision 7.18. of the Belgian Corporate Governance Code 2009. The Company did not conclude a new agreement with them at the occasion of their appointment as members of the Executive Team.

The employment agreements with Mr. Renaat Berckmoes, Mr. Patrick Vincent and Mrs. Claudia Poels do not contain specific provisions relating to early termination.

The agreement with Mrs. Ann Caluwaerts, concluded after May 4, 2010, contains a clause specifying that severance pay in the event of early termination shall not exceed the maximum amount foreseen by law.

Each new agreement to be concluded with members of the Executive Team after May 4, 2010 will comply with the legal provisions of the Law of April 6, 2010 and the Belgian Corporate Governance Code 2009.

In February 2013, Mr. Herbert Vanhove, who was a member of the Executive Team, left Telenet. In the termination agreement, approved by the board of directors upon proposal of the Remuneration & Nomination Committee, an indemnity not exceeding one years' basic and variable remuneration was granted (based on the basis of time served within the Company) and a pro rata part of his performance shares 2011 (1,449 performance shares) and 2012 (1,766 performance shares) were declared forfeited in accordance with the provisions of the plans..

7.8 Audit of the Company

External audit by statutory auditors

For details on the audit and non-audit fees paid to the auditor in 2012, we refer to Note 5.30 to the consolidated financial statements of the Company.

Internal audit

As from 2012, the Company has appointed Deloitte as the internal auditor of the Company and its subsidiaries for a period of three years.

The internal audit activities are carried out on the basis of a plan annually approved and monitored by the Audit Committee. These internal audit activities cover a wide range of topics and aim at the evaluation and improvement of the specific control environment.

Mechelen, March 19, 2013

On behalf of the board of directors

Duco Sickinghe
Chief Executive Officer

Frank Donck
Chairman

Telenet Group Holding NV consolidated financial statements

1 Consolidated statement of financial position

(in thousands of euro)	Note	December 31, 2012	December 31, 2011
Assets			
Non-current assets:			
Property and equipment	5.4	1,337,479	1,301,121
Goodwill	5.5	1,241,798	1,241,798
Other intangible assets	5.6	340,963	409,484
Deferred tax assets	5.14	42,303	10,721
Derivative financial instruments	5.13	63	190
Investments in equity accounted investees	5.21	444	187
Other assets	5.8	14,341	38,886
Total non-current assets		**2,977,391**	**3,002,387**
Current assets:			
Inventories	5.9	17,788	9,139
Trade receivables	5.7	110,530	93,623
Derivative financial instruments	5.13	-	1,988
Other current assets	5.8	89,127	88,000
Cash and cash equivalents	5.10	906,300	346,597
Total current assets		**1,123,745**	**539,347**
Total assets		**4,101,136**	**3,541,734**

(in thousands of euro)	Note	December 31, 2012	December 31, 2011
Equity and Liabilities			
Equity:			
Share capital	5.11	12,331	294,190
Share premium and other reserves	5.11	941,587	1,005,724
Retained loss	5.11	(1,674,300)	(1,548,156)
Total equity attributable to owners of the Company		**(720,382)**	**(248,242)**
Non-controlling interests	5.11	6,166	9
Total equity		**(714,216)**	**(248,233)**
Non-current liabilities:			
Loans and borrowings	5.12	3,770,546	2,904,131
Derivative financial instruments	5.13	164,636	94,093
Deferred revenue	5.18	2,566	4,380
Deferred tax liabilities	5.14	83,756	29,114
Other liabilities	5.15	56,741	115,598
Total non-current liabilities		**4,078,245**	**3,147,316**
Current liabilities:			
Loans and borrowings	5.12	72,486	55,402
Trade payables		148,141	147,341
Accrued expenses and other current liabilities	5.17	380,370	319,780
Deferred revenue	5.18	81,563	86,791
Derivative financial instruments	5.13	42,481	28,877
Current tax liability	5.14	12,066	4,460
Total current liabilities		**737,107**	**642,651**
Total liabilities		**4,815,352**	**3,789,967**
Total Equity and liabilities		**4,101,136**	**3,541,734**

The notes are an integral part of these consolidated financial statements.

2 Consolidated statement of comprehensive income

For the years ended December 31, (in thousands of euro, except per share data)	Note	**2012**	**2011**
Revenue	5.18	1,488,773	1,376,253
Cost of services provided	5.19	(852,422)	(821,152)
Gross profit		**636,351**	**555,101**
Selling, general and administrative expenses	5.19	(246,709)	(228,910)
Operating profit		**389,642**	**326,191**
Finance income		6,580	7,808
Net interest income and foreign exchange gain		6,580	7,808
Finance expense		(328,898)	(279,897)
Net interest expense, foreign exchange loss and other finance expense		(241,876)	(205,832)
Net loss on derivative financial instruments		(87,022)	(62,673)
Loss on extinguishment of debt		-	(11,392)
Net finance expenses	**5.20**	**(322,318)**	**(272,089)**
Share of the loss of equity accounted investees	5.21	(43)	(361)
Profit before income tax		67,281	53,741
Income tax expense	5.22	(34,046)	(36,918)
Profit for the period		**33,235**	**16,823**
Other comprehensive income for the period, net of income tax		**-**	**-**
Total comprehensive income for the period		**33,235**	**16,823**
Profit attributable to:		**33,235**	**16,823**
Owners of the Company		33,228	16,829
Non-controlling interests		7	(6)
Total comprehensive income for the period, attributable to:		**33,235**	**16,823**
Equity owners of the Company		33,228	16,829
Non-controlling interests		7	(6)
Earnings per share			
Basic earnings per share in €	5.23	0.29	0.15
Diluted earnings per share in €	5.23	0.29	0.15

The notes are an integral part of these consolidated financial statements.

3 Consolidated statement of changes in shareholders' equity

Attributable to equity holders of the Company

(in thousands of euro, except share data)	Note	Number of shares	Share capital	Share premium
January 1, 2011		**112,428,040**	**797,350**	**65,812**
Total comprehensive income for the period				
Profit for the period		-	-	-
Other comprehensive income		-	-	-
Total comprehensive income for the year		**-**	**-**	**-**
Transactions with owners, recorded directly in equity				
Contributions by and distributions to owners of the Company				
Reallocation of prior year's profit to legal reserve	5.11	-	-	-
Recognition of share-based compensation	5.11	-	-	-
Compensation cost related to Employee Share Purchase Plan	5.11	-	-	-
Proceeds received upon exercise of Class B Options	5.11	-	-	-
Proceeds received upon exercise of 2007 Warrants	5.11	1,806	5	22
Proceeds received upon exercise of 2007 bis Warrants	5.11	192,229	999	1,309
Proceeds received upon exercise of 2007 ter Warrants	5.11	1,592	6	12
Proceeds received upon exercise of 2007 quater Warrants	5.11	312,280	1,602	2,104
Proceeds received upon exercise of 2007 sexies Warrants	5.11	18,933	53	230
Proceeds received upon exercise of 2007 septies Warrants	5.11	31,000	125	549
Proceeds received upon exercise of 2010 primo Warrants	5.11	148,748	703	2,609
Proceeds received upon exercise of 2010 bis Warrants	5.11	4,352	11	97
Issuance of share capital via exchange of Class B Profit Certificates	5.11	36,709	204	-
Own shares acquired	5.11	-	-	-
Issuance of share capital through Employee Share Purchase Plan	5.11	341,168	2,420	6,580
Repayment of capital to shareholders	5.11	-	(509,288)	-
Total contributions by and distributions to owners of the Company		**1,088,817**	**(503,160)**	**13,512**
Changes in ownership interests in subsidiaries				
Disposal of non-controlling interests without a change in control		-	-	-
Total transactions with owners of the Company		**1,088,817**	**(503,160)**	**13,512**
December 31, 2011		**113,516,857**	**294,190**	**79,324**

Equity-based compensation reserve	Legal reserve	Reserve for own shares	Other reserves	Retained loss	Total	Non-controlling interest	Total equity
24,007	**64,798**	**-**	**825,350**	**(1,559,845)**	**217,472**	**-**	**217,472**
-	-	-	-	16,829	16,829	(6)	16,823
-	-	-	-	-	-	-	-
-	**-**	**-**	**-**	**16,829**	**16,829**	**(6)**	**16,823**
-	5,140	-	-	(5,140)	-	-	-
10,652	-	-	-	-	10,652	-	10,652
2,353	-	-	-	-	2,353	-	2,353
67	-	-	-	-	67	-	67
-	-	-	-	-	27	-	27
-	-	-	-	-	2,308	-	2,308
-	-	-	-	-	18	-	18
-	-	-	-	-	3,706	-	3,706
-	-	-	-	-	283	-	283
-	-	-	-	-	674	-	674
-	-	-	-	-	3,312	-	3,312
-	-	-	-	-	108	-	108
(204)	-	-	-	-	-	-	-
-	-	(5,763)	-	-	(5,763)	-	(5,763)
-	-	-	-	-	9,000		9,000
-	-	-	-	-	(509,288)	-	(509,288)
12,868	**5,140**	**(5,763)**	**-**	**(5,140)**	**(482,543)**	**-**	**(482,543)**
-	-	-	-	-	-	15	15
12,868	**5,140**	**(5,763)**	**-**	**(5,140)**	**(482,543)**	**15**	**(482,528)**
36,875	**69,938**	**(5,763)**	**825,350**	**(1,548,156)**	**(248,242)**	**9**	**(248,233)**

Attributable to equity holders of the Company

(in thousands of euro, except share data)	Note	Number of shares	Share capital	Share premium
January 1, 2012		**113,516,857**	**294,190**	**79,324**
Total comprehensive income for the period				
Profit for the period		-	-	-
Other comprehensive income		-	-	-
Total comprehensive income for the period		**-**	**-**	**-**
Transactions with owners, recorded directly in equity				
Contributions by and distributions to owners of the Company				
Reallocation of prior year's profit to legal reserve	5.11	-	-	-
Recognition of share-based compensation	5.11	-	-	-
Dividend	5.11	-	-	-
Proceeds received upon exercise of Class A Options	5.11	-	-	-
Proceeds received upon exercise of 2007 Warrants	5.11	35,864	58	449
Proceeds received upon exercise of 2007 bis Warrants	5.11	506,082	967	4,446
Proceeds received upon exercise of 2007 ter Warrants	5.11	33,033	51	302
Proceeds received upon exercise of 2007 quater Warrants	5.11	183,709	140	1,719
Proceeds received upon exercise of 2007 sexies Warrants	5.11	24,657	19	322
Proceeds received upon exercise of 2007 septies Warrants	5.11	5,000	13	90
Proceeds received upon exercise of 2010 primo Warrants	5.11	167,224	167	3,082
Proceeds received upon exercise of 2010 bis Warrants	5.11	12,112	9	270
Proceeds received upon exercise of 2010 ter Warrants	5.11	27,049	4	642
Issuance of share capital via exchange of Class A Profit Certificates	5.11	346,025	897	432
Incorporation of share premium into share capital	5.11	-	84,994	(84,994)
Cost of capital	5.11	-	-	-
Own shares acquired	5.11	-	-	-
Annulment capital reduction and dividend related to own shares	5.11	-	-	-
Cancellation of own shares	5.11	(1,449,076)	-	-
Repayment of capital to shareholders	5.11	-	(369,178)	-
Total contributions by and distributions to owners of the Company		**(108,321)**	**(281,859)**	**(73,240)**
Changes in ownership interests in subsidiaries				
Capital contributions by NCI		-	-	-
Total transactions with owners of the Company		**(108,321)**	**(281,859)**	**(73,240)**
December 31, 2012		**113,408,536**	**12,331**	**6,084**

The notes are an integral part of these consolidated financial statements.

Equity-based compensation reserve	Legal reserve	Reserve for own shares	Other reserves	Retained loss	Total	Non-controlling interest	Total equity
36,875	**69,938**	**(5,763)**	**825,350**	**(1,548,156)**	**(248,242)**	**9**	**(248,233)**
-	-	-	-	33,228	33,228	7	33,235
-	-	-	-	-	-	-	-
-	**-**	**-**	**-**	**33,228**	**33,228**	**7**	**33,235**
-	83	-	-	(83)	-	-	-
6,943	-	-	-	-	6,943	-	6,943
-	-	-	-	(113,594)	(113,594)	-	(113,594)
1,329	-	-	-	-	1,329	-	1,329
-	-	-	-	-	507	-	507
-	-	-	-	-	5,413	-	5,413
-	-	-	-	-	353	-	353
-	-	-	-	-	1,859	-	1,859
-	-	-	-	-	341	-	341
-	-	-	-	-	103	-	103
-	-	-	-	-	3,249	-	3,249
-	-	-	-	-	279	-	279
-	-	-	-	-	646	-	646
(1,329)	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	(31)	-	(31)	-	(31)
-	-	(45,748)	-	-	(45,748)	-	(45,748)
-	-	-	2,108	53	2,161	-	2,161
-	-	45,748	-	(45,748)	-	-	-
-	-	-	-	-	(369,178)	-	(369,178)
6,943	**83**	**-**	**2,077**	**(159,372)**	**(505,368)**	**-**	**(505,368)**
-	-	-	-	-	-	6,150	6,150
6,943	**83**	**-**	**2,077**	**(159,372)**	**(505,368)**	**6,150**	**(499,218)**
43,818	**70,021**	**(5,763)**	**827,427**	**(1,674,300)**	**(720,382)**	**6,166**	**(714,216)**

4 Consolidated statement of cash flows

For the years ended December 31, (in thousands of euro)	Note	2012	2011
Cash flows provided by operating activities:			
Profit for the period		33,235	16,823
Adjustments for:			
Depreciation, amortization and impairment	5.19	378,593	381,227
Losses on disposal of property and equipment and other intangible assets	5.19	1,705	2,065
Income tax expense	5.22	34,046	36,918
Increase (decrease) in allowance for bad debt	5.7	(6,118)	3,895
Net interest income and foreign exchange gain	5.20	(6,580)	(7,808)
Net interest expense, foreign exchange loss and other finance expense	5.20	241,876	205,832
Net loss on derivative financial instruments	5.20	87,022	62,673
Loss on extinguishment of debt	5.20	-	11,392
Loss in equity-accounted investees	5.21	43	361
Share based payments	5.19	6,943	13,005
Change in:			
Trade receivables		(10,789)	(13,051)
Other assets		(5,265)	2,166
Deferred revenue		(7,042)	(9,292)
Trade payables		1,871	38,212
Other liabilities		(3,343)	286
Accrued expenses and other current liabilities		18,235	(32,702)
Interest paid		(197,212)	(180,165)
Interest received		6,142	7,314
Income taxes paid		(3,379)	(795)
Cash received for derivatives	5.13	-	2,500
Net cash provided by operating activities		**569,983**	**540,856**

For the years ended December 31, (in thousands of euro)	Note	2012	2011
Cash flows used in investing activities:			
Purchases of property and equipment		(236,516)	(216,300)
Purchases of intangibles		(84,407)	(78,254)
Acquisitions of subsidiaries and affiliates, net of cash acquired	5.21.2	(298)	-
Proceeds from sale of property and equipment and other intangibles		2,329	1,118
Purchases of broadcasting rights for resale purposes		(24,063)	(15,600)
Proceeds from the sale of broadcasting rights for resale purposes		24,063	15,600
Net cash used in investing activities		**(318,892)**	**(293,436)**
Cash flows provided by (used in) financing activities:			
Repayments of loans and borrowings	5.12	(131,407)	(697,447)
Proceeds from loans and borrowings	5.12	999,000	700,000
Payments of finance lease liabilities		(29,142)	(34,077)
Payments for debt issuance costs		(19,521)	(17,202)
Payments for other financing activities		(1,627)	-
Repurchase of own shares	5.11	(45,749)	(5,763)
Proceeds from exercise of options and warrants	5.11	14,079	10,503
Proceeds from capital transactions with equity participants		2,573	3,563
Proceeds from sale of non-controlling interests		-	15
Proceeds from issuance of share capital through Employee Share Purchase Plan		-	9,000
Payments related to capital reductions and dividends	5.11	(479,594)	(508,996)
Net cash provided by (used in) financing activities		**308,612**	**(540,404)**
Net increase (decrease) in cash and cash equivalents		**559,703**	**(292,984)**
Cash and cash equivalents:			
at January 1	5.10	346,597	639,581
at December 31	5.10	906,300	346,597

The notes are an integral part of these consolidated financial statements.

5 Notes to the consolidated financial statements for the year ended December 31, 2012

5.1 Reporting entity and basis of preparation

5.1.1 Reporting entity

The accompanying consolidated financial statements present the operations of Telenet Group Holding NV, its subsidiaries and other consolidated companies (hereafter collectively referred to as the "Company" or "Telenet"). Through its broadband network, the Company offers cable television, including premium television services, broadband internet and telephony services to residential subscribers in Flanders and certain communes in Brussels as well as broadband internet, data and voice services in the business market throughout Belgium. The Company also offers mobile telephony services through an MVNO partnership with Mobistar and the Company has an agreement with Norkring België NV regarding the use of DTT spectrum over the latter's broadcasting network. Telenet Group Holding NV and its principal operating subsidiaries are limited liability companies organized under Belgian law. Subsidiaries and special purpose entities have been incorporated in Luxembourg in order to structure the Company's financing operations.

5.1.2 Basis of preparation

In accordance with the EU Regulation 1606/2002 of July 19, 2002, the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("EU IFRS"). The financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair value. The methods used to measure fair values are discussed further in Note 5.2.8. The principal accounting policies are set out in section 5.2 below.

5.1.3 Functional and presentation currency

These consolidated financial statements are presented in euro ("€"), which is the Company's functional currency, rounded to the nearest thousand except when indicated otherwise.

5.1.4 Use of estimates and judgments

The preparation of financial statements in accordance with EU IFRS requires the use of certain critical accounting estimates and management judgment in the process of applying the Company's accounting policies that affects the reported amounts of assets and liabilities and disclosure of the contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in the following Notes:

- Note 5.4: Property and equipment
- Note 5.5: Goodwill
- Note 5.6: Other intangible assets
- Note 5.13: Derivative financial instruments
- Note 5.14: Deferred taxes

5.1.5 Going Concern

As a result of the Company's shareholders disbursements policy and the capital reductions described in Note 5.11.1, the consolidated financial statements as of December 31, 2012 showed a negative (consolidated) equity amounting to €714.2 million.

The board of directors has considered this and has prepared the consolidated financial statements applying the accounting policies consistently on a going concern basis taking into account amongst others:

- the forecasted earnings for the next years;
- a projected steadily strong positive cash flow;
- the various modifications to the company's debt in 2010 and 2011, disclosed in Note 5.12, resulting in a significantly extended average maturity of its financial obligations, spread over balanced maturity dates.

5.1.6 Approval by board of directors

These consolidated financial statements were authorized for issue by the board of directors on March 19, 2013.

5.2 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

No changes to the significant accounting policies have been made, except as explained in note 5.2.19, which addresses new standards, interpretations, amendments and improvements.

5.2.1 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control is presumed to exist when the Company holds more than 50% of the voting power of another entity. In assessing control, potential voting rights that are currently exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Company. The consolidated financial statements include the accounts of Telenet Group Holding NV and all of the entities that it directly or indirectly controls. Intercompany balances and transactions, and any income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a negative balance.

Special Purpose Entities (SPEs)

The Company has established special purpose entities (SPEs) for financing purposes. The Company does not have any direct or indirect shareholdings in these entities. An SPE is consolidated if, based on an evaluation of the substance of its relationship with the Company and the SPE's risks and rewards, the Company concludes that it controls the SPE. SPEs controlled by the Company were established under terms that impose strict limitations on the decision-making powers of the SPEs' management and that result in the Company receiving the majority of the benefits related to the SPEs' operations and net assets and being exposed to the majority of risks incident to the SPEs' activities.

Associates and jointly controlled entities

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 20 and 50 percent of the voting power of another entity.

Jointly controlled entities are those entities over whose activities the Company has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Associates and jointly controlled entities are accounted for using the equity method.

The consolidated financial statements include the Company's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Company, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Company's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

Jointly controlled operations

A jointly controlled operation is a joint venture carried on by each venturer using its own assets in pursuit of the joint operations. The consolidated financial statements include the assets that the Company controls and the liabilities that it incurs in the course of pursuing the joint operation, and the expenses that the Company incurs and its share of the income that it earns from the joint operation.

5.2.2 Segment Reporting

Operating segments are the individual operations of a company that the chief operating decision maker ("CODM") reviews regularly in allocating resources to these segments and in assessing segment performance. Telenet's segment reporting is presented based on how Telenet's internal financial information is organized and reported to the CEO, who is Telenet's CODM, the Executive Team and the board of directors.

The CEO, the Executive Team and the board of directors of Telenet manage the Company as a single operation, and assess its performance and make resource allocation decisions based on an overall Profit and Loss Statement. The Profit and Loss Statement is analyzed at least on a monthly basis with only revenue and direct costs allocated to separate product and service lines. The primary measure of profit within the Profit and Loss Statement used by the CODM to assess performance is Adjusted EBITDA, and the Profit and Loss Statement does not present Adjusted EBITDA for separate product and service lines. Notwithstanding that revenue and direct costs are allocated to the separate product and service lines, as a differentiated Profit and Loss Statement is not used by the CODM to manage Telenet's operations, assess performance or make resource allocation decisions, Telenet has determined that its operations constitute one single segment.

5.2.3 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Depreciation is recognized in the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property and equipment.

The following useful lives are used for the depreciation of property and equipment:

• Buildings and improvements	10-33 years
• Network	3-20 years
• Furniture, equipment and vehicles	2-10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

The costs associated with the construction of cable transmission and distribution facilities and also analog and digital cable, internet, fixed and mobile telephony and iDTV service installation costs are capitalized and depreciated over 2 to 20 years.

Government grants related to assets are recorded as a deduction from the cost in arriving at the carrying amount of the asset. The grant is recognized in the income statement over the life of a depreciable asset as a reduction of depreciation expense.

The Company applies the guidance of IAS 23 (Revised) Borrowing Costs and includes borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of day-to-day servicing of property and equipment are recognized in the income statement as incurred.

The fair value of property and equipment recognized as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction. The market price of items of equipment is based on the quoted market prices for similar items.

It is the Company's policy to remove an asset's gross cost and accumulated depreciation at the end of an asset's useful life if the asset is no longer used by the Company, except when the asset is classified as held for sale.

5.2.4 Intangible assets

Intangible assets with finite useful lives are measured at cost and are amortized on a straight-line basis over their estimated useful lives as follows:

• Network user rights	Life of the contractual right
• Trade name	15 years
• Customer relationships and supply contracts	5 to 15 years
• Broadcasting rights	Life of the contractual right
• Software development costs	3 years
• Out of market component on future lease obligations	Term of the lease agreement

Amortization methods, useful lives and residual values are reviewed at each reporting date and are adjusted if appropriate.

Costs associated with maintaining computer software are recognized as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets.

Capitalized internal-use software costs include only external direct costs of materials and services consumed in developing or obtaining the software and payroll and payroll-related costs for employees who are directly associated with and who devote time to the project. Capitalization of these costs ceases no later than the point at which the project is substantially complete and ready for its intended purpose. Internally-generated intangible assets are amortized on a straight-line basis over their useful lives. Where no internally-generated intangible asset can be recognized, development expenditure is recognized as an expense in the period in which it is incurred.

Broadcasting rights are capitalized as an intangible asset when the value of the contract is measurable upon signing. For such broadcasting rights with respect to movies the amortizations during the first three months of the license period are based on the actual number of runs to reflect the pattern of consumption of the economic benefits embodied in the content rights. As for the remaining months of the license period the pattern of consumption of the future economic benefits can no longer be determined reliably, the straight-line method is used until the end of the license period. Broadcasting rights with respect to sports contracts are amortized on a straight-line basis over the sports season.

Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated brands, is recognized in the statement of comprehensive income as incurred.

The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

The fair value of trade names acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the trade name being owned.

The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

It is the Company's policy to remove an asset's gross cost and accumulated depreciation at the end of an asset's useful life if the asset is no longer used by the Company, except when the asset is classified as held for sale.

5.2.5 Impairment of financial and non-financial assets

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in the statement of comprehensive income. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of comprehensive income. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit or group of units on a pro rata basis.

In respect of assets other than goodwill, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

5.2.6 Acquisition Accounting and Goodwill

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Company takes into consideration potential voting rights that currently are exercisable.

For acquisitions on or after 1 January 2010, the Company measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in the statement of comprehensive income.

The consideration transferred does not include amounts related to the settlement of preexisting relationships. Such amounts are generally recognized in the statement of comprehensive income. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Company incurs in connection with a business combination are expensed as incurred. Any contingent consideration payable is recognized at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognized in the statement of comprehensive income.

In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment.

Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Goodwill is tested for impairment annually, or more frequently when there is an indication that it may be impaired. The Company has identified one cash-generating unit to which all goodwill was allocated. If the recoverable amount of the cash-generating unit is less than the carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets pro-rata on the basis of the carrying amount of each asset. An impairment loss recognized for goodwill is not reversed in a subsequent period.

5.2.7 Foreign currency transactions

The Company's functional and presentation currency is the euro, which is also the functional currency of each of the Company's subsidiaries. Transactions in currencies other than the euro are translated at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Gains and losses arising on translation are included in profit or loss for the period. In order to hedge its exposure to certain foreign exchange risks, the Company enters into forward contracts and options (see below for details of the Company's accounting policies with respect to such derivative financial instruments).

5.2.8 Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise cash and cash equivalents, trade and other receivables, loans and borrowings, and trade and other payables.

Cash and cash equivalents

Cash equivalents consist principally of money market funds, commercial paper and certificates of deposit with remaining maturities at acquisition of 3 months or less. Except for money market funds, which are recognized at fair value with changes through the statement of comprehensive income, cash and cash equivalents are carried at amortized cost using the effective interest rate method, less any impairment losses.

The carrying amounts of cash and cash equivalents approximate fair value because of the short maturity of those instruments.

Trade receivables

Trade receivables do not carry any interest and are stated at their amortized cost less any allowance for doubtful amounts.

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. The carrying amounts of trade receivables approximate fair value because of the short maturity of those instruments.

Loans and borrowings

Interest-bearing bank loans are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis using the effective interest method and are recorded as a component of the related debt to the extent that they are not settled in the period in which they arise.

The Company initially recognizes debt securities issued on the date that they are originated. Such liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest rate method.

Trade payables

Trade payables are not interest bearing and are stated at amortized cost. The carrying amounts of trade payables approximate fair value because of the short maturity of those instruments.

Derivative financial instruments

The Company's activities are exposed to changes in foreign currency exchange rates and interest rates.

The Company seeks to reduce its exposure through the use of certain derivative financial instruments in order to manage its exposure to exchange rate and interest rate fluctuations arising from its operations and funding.

The use of derivatives is governed by the Company's policies approved by the board of directors, which provides written principles on the use of derivatives consistent with the Company's risk management strategy.

The Company has entered into various derivative instruments to manage interest rate and foreign currency exchange rates exposure.

Derivatives are measured at fair value.

The Company does not apply hedge accounting to its derivative instruments. Accordingly, changes in the fair values of derivative instruments are recognized immediately in the statement of comprehensive income.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value through the statement of comprehensive income.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are presented in the reserve for own shares. When own shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

5.2.9 Revenue recognition

Subscription fees for telephony, internet and premium cable television are prepaid by subscribers on a monthly basis and recognized in revenue as the related services are provided, i.e. in the subsequent month. Subscription fees for analog cable television are prepaid by subscribers predominantly on an annual basis and recognized in revenue on a straight-line basis over the following twelve months. Revenue from usage based premium television, mobile and fixed telephone and internet activity is recognized on actual usage.

Installation fees are recognized as revenue by reference to the stage of completion of the installation. As installation ordinarily does not take long, installation fees are recognized generally as revenues on completion of the installation.

Together with subscription fees, basic cable television subscribers are charged a copyright fee for the content received from public broadcasters that is broadcasted over the Company's network. These fees contribute to the cost the Company bears in respect of copyright fees paid to copyright collecting agencies for certain content provided by the public broadcasters and other copyright holders. The Company reports copyright fees collected from cable subscribers on a gross basis as a component of revenue due to the fact that the Company is acting as a principal in the arrangement between the public broadcaster and other copyright holders which does not represent a pass-through arrangement. Indeed, the Company bears substantial risk in setting the level of copyright fees charged to subscribers as well as in collecting such fees.

For multiple element arrangements, the recognition criteria of revenue are applied to the separately identifiable components of the transaction. A component within an arrangement is separated if it has standalone value to the customer and if its fair value can be measured reliably. The fair value of the consideration received or receivable is allocated to the separate components of the arrangement using the residual fair value method.

Until October 1, 2012, customers were charged a termination fee when they cancel their subscription before the end of the contractual term. In accordance with the new telecom law, applicable from October 1, 2012, the Company no longer charges such termination fees in case of cancellation of a contract by a customer, except in mobile subscription plans in combination with the sale of a handset. Revenue from such termination fees is recognized at the time of the contract cancellation, if and only if collectability of the fee is reasonably assured. If collectability of the termination fee is not reasonably assured at the time of billing, revenue is deferred until cash is received.

Customers may be charged a downgrade fee when they switch to a lower tier service. Generally, the downgrade is not considered to have stand-alone value to the customer and downgrade fees are therefore deemed to be part of the overall consideration for the ongoing service. Revenue from downgrade fees is recognized on a straight-line basis over the longer period of (i) the related subscription contract or (ii) the expected remaining length of the customer relationship.

Amounts billed for certain premium voice and SMS content are not presented as revenues but are netted against the corresponding expenses, because Telenet carries no legal responsibilities for the collection of these services and acts solely on behalf of the third-party content providers..

5.2.10 Operating expenses

Operating expenses consist of interconnection costs, network operating, maintenance and repair costs and cable programming costs, including employee costs and related depreciation and amortization charges. The Company capitalizes most of its installation costs, including labor costs. Copyright and license fees paid to the holders of these rights and their agents are the primary component of the Company's cable programming costs. Other direct costs include costs that the Company incurs in connection with providing its residential and business services, such as interconnection charges as well as bad debt expense. Network costs consist of costs associated with operating, maintaining and repairing the Company's broadband network and customer care costs necessary to maintain its customer base.

5.2.11 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that the Company will be required to settle that obligation and the amount can be reliably measured. Provisions are measured at the Company's best estimate of the expenditure required to settle its liability and are discounted to present value where the effect is material.

A provision for restructuring is recognized when the Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

5.2.12 Leases

At inception of an arrangement, including arrangements that convey to the Company the right to use equipment, fibers or capacity for an agreed period of time in return for a series of payments, the Company determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfillment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Company the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values.

Subsequently the lease liability is reduced as payments are made and an imputed finance charge on the liability is recognized using the Company's incremental borrowing rate.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the Company. Property and equipment acquired by way of a finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and any impairment losses. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding lease obligations, net of finance charges, are included in long-term debt with the interest element of the finance cost charged to the statement of comprehensive income over the lease period. All other leases are classified as operating lease payments and recognized in the statement of comprehensive income on a straight-line basis over the term of the lease.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term in which case they are depreciated over their useful lives.

5.2.13 Income taxes

Income tax expense comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the calculation of taxable profit, and is accounted for using the balance sheet method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction that is not a business combination and that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognized for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized. Current and deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the current or deferred tax is also dealt with in equity.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities. Such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

5.2.14 Employee benefits

Pension obligations

The Company provides both defined benefit and defined contribution plans to its employees, directors and certain members of management. The defined benefit pension plans pay benefits to employees at retirement using formulas based upon years of service and compensation rates near retirement. The schemes are generally funded by payments from the participants and the Company to insurance companies as determined by periodic actuarial calculations.

For defined benefit retirement schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. The discount rate is the yield at the reporting date on high quality corporate bonds (average yield on AA corporate bonds in euro, benchmarked against the iBoxx € Corporates AA, the BoA Merrill lynch € Corporates AA and the Bloomberg € Corporates AA indices) that have maturity dates approximating the terms of the Group's obligations. The corridor approach is applied to actuarial gains and losses. Such gains and losses are the result of changes in actuarial assumptions on retirement and similar commitments. Accordingly, all gains and losses exceeding 10% of the greater of the present value of the defined benefit obligation and the fair value of any plan assets are recognized over the expected average remaining working life of the employees participating in the plan. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested. When the calculation results in a benefit to the Company, the recognized asset is limited to the total of any unrecognized actuarial losses and past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. An economic benefit is available to the Company if it is realizable during the life of the plan, or on settlement of the plan liabilities.

The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost and unrecognized actuarial gains and losses, and as reduced by the fair value of plan assets. Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

Other employee benefit obligations

The Company provides long term service awards, health care premiums, early retirement plans and death benefits, among others, to its employees and/or retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age or the completion of a minimum service period, as appropriate. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are recognized immediately to income.

Share-based payments

The Company issues equity-settled share-based payments to certain employees which are measured at fair value at the date of grant. The grant date fair value of options granted to employees is calculated using a Black-Scholes pricing model and recognized as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations. Measurement inputs for the Black-Scholes model include share price on measurement date, exercise price of the instrument, expected volatility, weighted average expected life of the instruments, expected dividends and the risk-free interest rate.

At each balance sheet date, the Company revises its estimates of the number of options that are expected to become exercisable. It recognizes the cumulative impact of the revision of original estimates, if any, in the statement of comprehensive income, and a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

5.2.15 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses.

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business, less the estimated costs of sale, and a reasonable profit margin based on the effort required to sell the inventories.

5.2.16 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise warrants and options granted to employees and the CEO.

5.2.17 Finance income and expenses

Finance income mainly comprises interest income on funds invested. Interest income is recognized as it accrues in the statement of comprehensive income, using the effective interest method.

Finance expense mainly comprises interest expense on loans and borrowings, changes in the fair value of financial instruments and net losses on financial instruments.

Foreign currency gains and losses are reported on a net basis.

5.2.18 Customer acquisition costs

Customer acquisition costs are the directly attributable costs incurred in signing up a new customer. These include, but are not limited to, incentives paid to retailers, commissions paid to external dealers or agents, and sales commissions to the Company's staff.

Customer acquisition costs paid to a party other than the customer are capitalized as intangible assets if and only if the definition and recognition criteria are met, the costs are incremental to the subscriber contracts, and can be measured reliably. As these criteria are generally not met, customer acquisition costs are generally expensed as incurred.

Cash incentives given to customers are not viewed as subscriber acquisition costs, but are recognized as a deduction from revenue.

Benefits in kind given to customers, to the extent they do not represent a separate component of the arrangement, are recognized as an expense in the appropriate periods.

5.2.19 New standards, interpretations, amendments and improvements

Standards, amendments and interpretations effective or early adopted in 2012

The following standards, amendments, interpretations and improvements have been adopted in these consolidated financial statements. The application of these new and revised IFRSs had no material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements:

Amendments to IAS 12 – *Deferred Tax: Recovery of Underlying Assets* (effective for annual periods beginning on or after January 1, 2012). Under these Amendments, investment properties that are measured using the fair value model are presumed to be recovered through sale for the purposes of measuring deferred taxes. This presumption can be rebutted only if the investment property is depreciable and held with a business model whose objectives is to consume substantially all of the asset's economic benefits over the life of the asset.

Amendments to IFRS 7 – *Disclosures – Transfers of Financial Assets* (effective for annual periods beginning on or after July 1, 2011). These Amendments increase the disclosure requirements in respect of risk exposure arising from transfers of financial assets that are not derecognized in their entirety or financial assets derecognized in their entirety but for which the entity retains continuing involvement.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning after January 1, 2012, or later periods, but the Company has not early adopted them. The adoption of these standards, amendments and interpretations is not expected to have a material impact on the Company's financial result or financial position:

Amendments to IAS 1 – *Presentation of Items of Other Comprehensive Income* (effective for annual periods beginning on or after July 1, 2012). These Amendments require to group items in OCI on the basis of whether they are potentially reclassifiable to profit or loss subsequently and change the title of the statement of comprehensive income to the statement of profit or loss and other comprehensive income.

IFRS 9 *Financial Instruments* (effective for annual periods beginning on or after January 1, 2015). This Standard introduces new requirements for the classification, measurement and derecognition of

- financial assets: measured at amortized cost (debt instruments if held to collect contractual cash flows being principal and interest) or fair value (equity instruments);
- financial liabilities: changes in fair value of financial liabilities designated at fair value through profit or loss attributable to changes in credit risk are presented in OCI unless this would create or enlarge an accounting mismatch in profit or loss.

IFRS 10 *Consolidated Financial Statements* (effective for annual periods beginning on or after January 1, 2014) introduces a new approach to determining which investees should be consolidated. Under IFRS 10, there is only one basis for consolidation that is control. In addition, IFRS 10 includes a new definition of control that contains three elements:

- power over an investee;
- exposure, or rights, to variable returns from its involvement with the investee;
- the ability to use its power over the investee to affect the amount of the investor's returns.

IFRS 11 *Joint Arrangements* (effective for annual periods beginning on or after January 1, 2014) deals with how a joint arrangement of which two or more parties have joint control should be classified. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting.

IFRS 12 *Disclosure of Interests in Other Entities* (effective for annual periods beginning on or after January 1, 2014) contains more extensive disclosure requirements for entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities.

IFRS 13 *Fair value measurement* (effective for annual periods beginning on or after January 1, 2013) defines fair value, establishes a framework for measuring fair value and requires more extensive disclosures about fair value measurement.

IAS 27 *Separate Financial Statements* (effective for annual periods beginning on or after January 1, 2013) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications.

IAS 28 *Investments in Associates and Joint Ventures* (effective for annual periods beginning on or after January 1, 2014) makes the following amendments:

- IFRS 5 applies to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and
- on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture or vice versa, the entity does not remeasure the retained interest.

IAS 19 *Amendments to Employee Benefits* becomes effective for the Company's accounting periods beginning on or after January 1, 2013, and the Company has not early adopted these amendments.

The amended IAS 19 includes the following requirements:

- actuarial gains and losses are recognized immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognize all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and
- expected return on plan assets recognized in profit or loss is calculated based on the rate used to discount the defined benefit obligation.

In accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, information about the estimated impact that the adoption of these amendments will have on the Company's financial statements has been disclosed in Note 5.16.

5.3 Risk management

5.3.1 Credit risk

Qualitative disclosures

Credit risk encompasses all forms of counterparty exposure, i.e. where counterparties may default on their obligations to the Company in relation to lending, hedging, settlement and other financial activities. The Company is exposed to credit risk from its operating activities and treasury activities.

The largest share of the gross assets subject to credit risk from operating activities are trade receivables from residential and small business customers located throughout Belgium. Accordingly, the Company has no significant concentration of credit risk. The risk of material loss from non-performance from these customers is not considered likely. The Company establishes reserves for doubtful accounts receivable to cover the potential loss from non-payment by these customers.

In regards to credit risk on financial instruments, the Company maintains credit risk policies with regard to its counterparties to minimize overall credit risk. These policies include an assessment of a potential counterparty's financial condition, credit rating and other credit criteria and risk mitigation tools as deemed appropriate. The Company maintains a policy of entering into such transactions only with highly rated European and US financial institutions. To minimize the concentration of counterparty credit risk, the Company enters into derivative transactions with a portfolio of financial institutions. Likewise, cash and cash equivalents are placed with highly rated financial institutions and only highly rated money market funds are used.

Quantitative disclosures

The Company considers its maximum exposure to credit risk to be as follows:

(in thousands of euro)	**December 31, 2012**	**December 31, 2011**
Cash and cash equivalents (including money market funds, certificates of deposits)	906,300	346,597
Trade receivables	115,437	104,648
Derivative financial instruments	63	2,178
Outstanding guarantees to third parties for own liabilities (cash paid)	2,724	2,817
Total	**1,024,524**	**456,240**

More detailed financial information has been disclosed under the respective Notes to the consolidated financial statements of the Company.

5.3.2 Liquidity risk

Qualitative disclosures

The principal risks to the Company's sources of liquidity are operational risks, including risks associated with decreased pricing, reduced subscriber growth, increased marketing costs and other consequences of increasing competition and potentially adverse outcomes with respect to the Company's litigations as described in Note 5.26.1. Telenet's ability to service its debt and to fund its ongoing operations will depend on its ability to generate cash. Although the Company anticipates generating positive cash flow after deducting interest and taxes, the Company cannot assure that this will be the case. The Company may not generate sufficient cash flow to fund its capital expenditures, ongoing operations and debt obligations.

Telenet Group Holding NV is a holding company with no source of operating income. It is therefore dependent on capital raising abilities and dividend payments from subsidiaries to generate funds. The terms of the 2010 Amended Senior Credit Facility contain a number of significant covenants that restrict the Company's ability, and the ability of its subsidiaries to, among other things, pay dividends or make other distributions, make capital expenditure, incur additional debt and grant guarantees. The agreements and instruments governing its debt contain restrictions and limitations that could adversely affect the Company's ability to operate its business.

Telenet believes that its cash flow from operations and its existing cash resources, together with available borrowings under the 2010 Amended Senior Credit Facility, will be sufficient to fund its currently anticipated working capital needs, capital expenditures and debt service requirements.

In February 2011, the Company issued €300.0 million Senior Secured Fixed Rate Notes due 2021, the proceeds of which were used to redeem tranches K and L1 under the 2010 Amended Senior Credit Facility, for an aggregate amount of €286.5 million.

On June 10, 2011 the Company further improved its debt maturity profile by novating €27.5 million from Term Loan J to Term Loan G.

In June 2011, the Company issued €400.0 million Senior Secured Floating Rate Notes due 2021. Subsequently, the Company launched a voluntary exchange process for its Term Loan G lenders under the 2010 Amended Senior Credit Facility. Existing lenders in Term Loan G were requested to exchange their existing participations and commitments for participations and commitments in new Term Loans either with unchanged maturity at July 31, 2017 (Term Loan Q) or an extended maturity of two years at July 31, 2019 (Term Loan R), each repriced in line with current market conditions. The proceeds of the €400.0 million Senior Secured Notes due 2021 were used to redeem the remainder of Term Loans G and J.

In February 2012, the Company issued an additional Facility under its 2010 Amended Senior Credit Facility (Term Loan T) for an aggregate amount of €175.0 million to benefit from the temporary attractive window in the European debt markets. As per the agreement, this Term Loan, with a maturity date of December 31, 2018, carries a floating interest rate of 3.50% over the EURIBOR rate. In August 2012, the Company issued €450.0 million principal amount of Senior Secured Fixed Rate Notes due 2022 at 6.25% and €250.0 million principal amount of Senior Secured Fixed Rate Notes due 2024 at 6.75% through a financing company that the Company consolidates.

The Company has access to undrawn facilities under the 2010 Amended Senior Credit Facility. As of December 31, 2012 and December 31, 2011, €158.0 million under the revolving credit facility was available to the Company subject to the Company being in compliance with certain financial covenants and other conditions.

The 2010 Amended Senior Credit Facility is discussed in greater detail in Note 5.12.3 of the consolidated financial statements of the Company.

In order to hedge its exposure to floating rate debt, the Company entered into interest rate cap, collar and swap contracts for a total nominal amount at December 31, 2012, of €3.4 billion.

The Company has implemented a policy on financial risk management. With respect to liquidity and funding risks, the key objectives can be summarized as:

- ensure that at all times the Company has access to sufficient cash resources to meet its financial obligations as they fall due and to provide funds for capital expenditure and investment opportunities as they arise;
- ensure that the Company has sufficient excess liquidity to ensure that the Company can meet its non-discretionary financial obligations in the event of unexpected business disruption;
- ensure compliance with borrowing facilities covenants and undertakings.

A minimum level of cash and cash equivalents is maintained in order to meet unforeseen cash expenses. The Company's funding requirements and funding strategy is reviewed annually.

A limit has been set regarding the maximum amount that can be invested per derivative product type. On top of this limit, the authorized financial counterparties have been determined and limits have been set for each counterparty by reference to their long-term credit rating.

Quantitative disclosures

The Company's aggregate contractual obligations as at December 31, 2012 and 2011 were as follows:

Payments due by period

Situation as per December 31, 2012 (in thousands of euro)	Total	Less than 1 year	2 years	3 years	4 years	5 years	After 5 years
Contractual obligations							
Long term debt (1) (3)	5,132,545	174,711	174,396	174,082	273,278	592,645	3,743,433
Finance lease obligations (1) (3)	458,562	49,669	52,074	47,944	46,792	45,595	216,488
Operating lease obligations	42,056	20,453	7,077	5,615	4,252	1,495	3,164
Other contractual obligations (2)	1,398,374	246,216	114,644	67,387	51,207	43,680	875,240
Interest Rate Derivatives (3)	306,450	45,899	45,899	44,156	42,686	31,773	96,037
Foreign Exchange Derivatives	28,037	28,037	-	-	-	-	-
Accrued expenses and other current liabilities (4)	288,171	288,171	-	-	-	-	-
Trade payables	148,141	148,141	-	-	-	-	-
Total contractual obligations	**7,802,336**	**1,001, 297**	**394,090**	**339,184**	**418,215**	**715,188**	**4,934,362**

Payments due by period

Situation as per December 31, 2011 (in thousands of euro)	Total	Less than 1 year	2 years	3 years	4 years	5 years	After 5 years
Contractual obligations							
Long term debt (1) (3)	4,038,453	145,521	145,021	144,743	144,466	243,815	3,214,887
Finance lease obligations (1) (3)	455,286	45,526	49,158	47,716	43,754	42,566	226,566
Operating lease obligations	46,894	22,630	8,396	5,637	4,123	3,405	2,703
Other contractual obligations (2)	1,444,451	177,461	181,397	86,149	49,089	44,292	906,063
Interest Rate Derivatives (3)	223,963	35,952	30,034	30,034	27,377	25,582	74,984
Foreign Exchange Derivatives	34,494	34,494	-	-	-	-	-
Accrued expenses and other current liabilities (4)	254,784	254,784	-	-	-	-	-
Trade payables	147,341	147,341	-	-	-	-	-
Total contractual obligations	**6,645,666**	**863,709**	**414,006**	**314,279**	**268,809**	**359,660**	**4,425,203**

1 Interest included.
2 Represents fixed minimum commitments under certain programming and purchase agreements and amounts associated with certain operating costs resulting from the Interkabel acquisition, commitments under the operating agreement with Norkring (Note 5.12.7) as well as commitments related to certain programming and purchase agreements.
3 Contractual obligations with a floating interest rate are based on the rate outstanding as at December 31.
4 Excluding compensation and employee benefits, VAT and withholding taxes and the current portion of the Interkabel out of market component.

5.3.3 Market risk

The Company is exposed to market risks relating to fluctuations in interest rates and foreign exchange rates, primarily between the US dollar and euro. The Company uses financial instruments to manage its exposure to interest rate and foreign exchange rate fluctuations. Each of these risks is discussed below.

Qualitative disclosures on foreign exchange risk

The Company undertakes certain transactions in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilizing forward foreign exchange contracts.

The Company's functional currency is the euro. However, the Company conducts, and will continue to conduct, transactions in currencies other than the euro, particularly the US dollar. About 3.7% of the Company's costs of operations (primarily the costs of network hardware equipment and software and premium cable television rights) were denominated in US dollars, while all of its revenue was generated in euros. The Company has significant US dollar obligations with respect to the contracts it is party to for the supply of premium content. Decreases in the value of the euro relative to the US dollar would increase the cost in euro of the Company's US dollar denominated costs and expenses, while increases in the value of the euro relative to the US dollar would have the reverse effect.

The Company has historically covered a portion of its US dollar cash outflows arising on anticipated and committed purchases through the use of foreign exchange derivative instruments. The Company uses forward foreign exchange contracts to hedge the exchange rate risk arising from:

- purchases of goods and services in foreign currency;
- capital equipment priced in foreign currency or subject to price changes due to movements in exchange rates;
- payments of royalties, franchise or license fees denominated in a foreign currency.

Although the Company takes steps to protect itself against the volatility of currency exchange rates, there is a residual risk that currency risks due to volatility in exchange rates could have a material adverse effect on the Company's financial condition and results of operations.

The outstanding forward foreign exchange derivatives as of December 31, 2012 and 2011, are disclosed in more detail in Note 5.13 to the consolidated financial statements of the Company.

Qualitative disclosures on interest rate risk

The Company is mainly exposed to interest rate risk arising from borrowings at floating interest rates, interest bearing investments and finance leases. The Company limits its exposure to floating interest rates through the use of derivative instruments. The risk is managed by maintaining an appropriate mix of interest rate swap contracts, interest rate cap contracts, interest rate collar contracts and basis swap contracts.

The Company implemented a policy on financial risk management. With respect to interest rate risk, the key objectives can be summarized as:

- only long term interest exposures (+ 1 year) are managed;
- cash debt servicing costs, from movements in interest rates, are minimized;
- all derivative instruments used are designated to actual interest exposures and are authorized under the policy;
- interest cover ratios included in borrowing covenants are complied with.

As of December 31, 2012, the Company carried a total debt balance (including accrued interest) of €3,843.0 million, of which €1,404.6 million principal amount is owed under the 2010 Amended Senior Credit Facility (including €175.0 million relating to the Term Loan T issued in February 2012), €1,300.0 million principal amount is related to the four Notes issued in 2010 and 2011, and €700.0 million principal amount relates to the Senior Secured Fixed Rate Notes due 2022 and 2024 issued in August 2012. The Company's total debt balance at December 31, 2012 also included €53.3 million for the outstanding portion of the 3G mobile spectrum including accrued interest. The remainder primarily represents the capital lease obligations associated with the Interkabel Acquisition. On December 31, 2012, fixed interest rates applied to 52.2% of the Company's total debt (2011: 43.8%).

As referred to above, the outstanding interest rate derivatives as of December 31, 2012 and 2011, are disclosed in more detail in Note 5.13 to the consolidated financial statements of the Company.

Quantitative disclosures

Interest rate sensitivity testing

For interest rate derivatives and floating rate debt, the Company has used a sensitivity analysis technique that measures the change in the fair value or interest expense of these financial instruments for hypothetical changes in the relevant base rate applicable at year-end, holding all other factors constant.

The sensitivity analysis is for illustrative purposes only – in practice, market rates rarely change in isolation and are likely to be interdependent. A change of 25 basis points in interest rates at the reporting date would have increased (decreased) the profit for the period and would have changed the fair values of the Company's interest rate derivatives as set out in the table below:

(in thousands of euro)	2012		2011	
	+0.25%	**-0.25%**	**+0.25%**	**-0.25%**
Interest				
2010 Amended Senior Credit Facility	(3,442)	3,442	(3,763)	3,763
Senior Secured Floating Rate Notes	(1,014)	1,014	(553)	553
Finance leases	24	(24)	30	(30)
Interest rate derivatives	(6,010)	6,010	(2,702)	2,677
	(10,442)	**10,442**	**(6,988)**	**6,963**
Changes in fair value				
Swaps	19,224	(19,224)	18,027	(18,027)
Caps	73	(33)	84	(65)
Collars	9,447	(10,662)	8,982	(10,378)
	28,744	**(29,919)**	**27,093**	**(28,470)**
Total	**18,302**	**(19,477)**	**20,105**	**(21,507)**

The following table summarizes the Company's interest obligations under the outstanding floating rate indebtedness and interest rate derivatives. The amounts generated from this sensitivity analysis are forward-looking estimates of market risk assuming certain market conditions. Actual results in the future may differ materially from those projected results due to the inherent uncertainty of global financial markets.

Interest payments due by period

Situation as per December 31, 2012 +0.25% (in thousands of euro)	**Less than 1 year**	**2 years**	**3 years**	**4 years**	**5 years**	**After 5 years**
2010 Amended SCF Term Loan Q	13,950	13,950	13,950	13,989	6,918	-
2010 Amended SCF Term Loan R	29,285	29,285	29,285	29,365	29,285	43,807
2010 Amended SCF Term Loan T	6,851	6,851	6,851	6,869	6,851	6,851
€400 million Senior Secured Notes due 2021	17,471	17,471	17,471	17,519	17,471	61,126
Finance Lease	48	29	14	10	4	-
Interest Derivatives	41,324	41,324	39,645	38,226	38,472	78,350
Total	**108,929**	**108,910**	**107,216**	**105,978**	**99,001**	**190,134**

Interest payments due by period

Situation as per December 31, 2012 *-0.25%* *(in thousands of euro)*	Less than 1 year	2 years	3 years	4 years	5 years	After 5 years
2010 Amended SCF Term Loan Q	12,019	12,019	12,019	12,052	5,960	-
2010 Amended SCF Term Loan R	25,612	25,612	25,612	25,682	25,612	38,312
2010 Amended SCF Term Loan T	5,963	5,963	5,963	5,980	5,963	5,963
€400 million Senior Secured Notes due 2021	15,444	15,444	15,444	15,486	15,444	54,031
Finance Lease	13	8	4	3	1	-
Interest Derivatives	50,474	50,474	48,667	47,147	46,398	92,398
Total	**109,525**	**109,520**	**107,709**	**106,350**	**99,378**	**190,704**

Interest payments due by period

Situation as per December 31, 2011 *+0.25%* *(in thousands of euro)*	Less than 1 year	2 years	3 years	4 years	5 years	After 5 years
2010 Amended SCF Term Loan Q	20,084	20,029	20,029	20,029	20,084	9,932
2010 Amended SCF Term Loan R	40,256	40,146	40,146	40,146	40,256	100,201
€400 million Senior Secured Notes due 2021	22,590	22,529	22,529	22,529	22,590	101,348
Finance Lease	185	136	81	39	27	12
Interest Derivatives	24,004	18,962	18,962	16,951	15,463	53,492
Total	**107,119**	**101,802**	**101,747**	**99,694**	**98,420**	**264,985**

Interest payments due by period

Situation as per December 31, 2011 *-0.25%* *(in thousands of euro)*	Less than 1 year	2 years	3 years	4 years	5 years	After 5 years
2010 Amended SCF Term Loan Q	17,893	17,844	17,844	17,844	17,893	8,849
2010 Amended SCF Term Loan R	36,197	36,098	36,098	36,098	36,197	90,096
€400 million Senior Secured Notes due 2021	20,557	20,501	20,501	20,501	20,557	92,226
Finance Lease	137	101	60	29	20	9
Interest Derivatives	33,447	27,834	27,834	25,305	23,571	70,713
Total	**108,231**	**102,378**	**102,337**	**99,777**	**98,238**	**261,893**

For fixed rate debt, changes in interest rates generally affect the fair value of the debt instrument, but not the Company's earnings or cash flows. The Company does not currently have any obligation to redeem fixed rate debt prior to maturity and, accordingly, interest rate risk and changes in fair market value should not have a significant effect on the fixed rate debt until the Company would be required to refinance such debt.

Foreign currency sensitivity testing

The Company is mainly exposed to market risks relating to fluctuations in foreign exchange rates between the US dollar and euro.

The following table details the Company's sensitivity to a 10% increase and decrease of the relevant foreign exchange rate. We utilize 10% as the sensitivity rate when reporting foreign currency risk internally as it represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis primarily includes the effect on Telenet's US dollar denominated payables (primarily payables associated with network hardware equipment, software and premium cable television rights).

Gain / (loss)

(in thousands of euro)

December 31, 2012	**Foreign currency**	**Amount in foreign currency**	**10% increase**		**10% decrease**	
Trade payables	USD	5,817	(490)	On comprehensive income	401	On comprehensive income
	GBP	13	(2)	On comprehensive income	1	On comprehensive income

Gain / (loss)

(in thousands of euro)

December 31, 2011	**Foreign currency**	**Amount in foreign currency**	**10% increase**		**10% decrease**	
Trade payables	USD	11,368	(975)	On comprehensive income	797	On comprehensive income
	GBP	10	(1)	On comprehensive income	1	On comprehensive income

5.3.4 Capital Risk

The Company manages its capital to ensure that the Company and its subsidiaries will be able to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors capital risk on the basis of the net leverage ratio. The net leverage ratio is calculated as per the 2010 Amended Senior Credit Facility definition, using net total debt, excluding (a) subordinated shareholder loans, (b) capitalized elements of indebtedness under the Clientele and Annuity Fees, (c) any finance leases entered into on or prior to August 1, 2007, and (d) any indebtedness incurred under the network lease entered into with the pure intermunicipalities up to a maximum aggregate amount of €195.0 million, divided by last two quarters' annualized EBITDA. As of December 31, 2012, the outstanding balance of the 2010 Amended Senior Credit Facility and outstanding cash balance resulted in a Net Total Debt to EBITDA ratio of 3.4x compared to 3.2x on December 31, 2011. The slight increase in the net leverage ratio reflected €479.6 million of shareholder disbursements paid and €45.7 million spent on share repurchases over the year ended December 31, 2012, offset by solid growth in the Company's EBITDA.

The Company's current net leverage ratio is significantly below the covenant of 6.0x and the availability test of 5.0x.

Under the current 2010 Amended Senior Credit Facility the Company has access to the additional committed Revolving Facility of €158.0 million, subject to compliance with the covenants mentioned above, with availability up to and including December 31, 2016.

Fair value versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

(in thousands of euro)	Note	December 31, 2012		December 31, 2011	
		Carrying amount	Fair value	Carrying amount	Fair value
Assets					
Assets carried at fair value					
Derivative financial assets	5.13	63	63	2,178	2,178
Cash and cash equivalents (e.g. money market funds)	5.10	-	-	281,242	281,242
Total assets carried at fair value		**63**	**63**	**283,420**	**283,420**
Assets carried at amortized cost					
Trade receivables	5.7	110,530	110,530	93,623	93,623
Other assets	5.8	79,681	79,681	108,165	108,165
Cash and cash equivalents	5.10	906,300	906,300	65,355	65,355
Total assets carried at amortized cost		**1,096,511**	**1,096,511**	**267,143**	**267,143**
Liabilities					
Liabilities carried at fair value					
Derivative financial liabilities	5.13	207,117	207,117	122,970	122,970
Liabilities carried at amortized cost					
Loans, borrowings and finance lease liabilities (excluding deferred financing fees)	5.12				
2010 Amended Senior Credit Facility		1,404,966	1,399,365	1,230,123	1,199,381
Senior Secured Fixed Rate Notes		1,628,975	1,737,100	912,100	877,789
Senior Secured Floating Rate Notes		400,631	400,631	400,943	386,943
Deferred Financing Fees		(61,033)	(61,033)	(47,709)	(47,709)
Finance lease obligations		339,596	301,550	332,745	301,839
Clientele fee > 20 years		76,618	69,342	70,644	63,524
3G Mobile Spectrum		53,279	43,568	60,679	48,801
Other bank loans		-	-	8	8
Trade payables		148,141	148,141	147,341	147,341
Other liabilities	5.15 5.17	368,650	368,650	389,157	389,157
Total liabilities carried at amortized cost		**4,359,823**	**4,407,314**	**3,496,031**	**3,367,074**

5.3.5 Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels mentioned are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	December 31, 2012			December 31, 2011		
(in thousands of euro)	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Derivative financial assets	-	63	-	-	2,178	-
Cash and cash equivalents (e.g. money market funds)	-	-	-	281,242	-	-
Total financial assets carried at Fair value	**-**	**63**	**-**	**281,242**	**2,178**	**-**
Liabilities						
Derivative financial liabilities	-	207,117	-	-	122,970	-
Total financial liabilities carried at Fair value	**-**	**207,117**	**-**	**-**	**122,970**	**-**

The fair value of the interest rate derivatives is calculated by the Company based on swap curves flat, taking into account the credit risk of both the Company and the respective counterparties to the instruments. The Company also compares the fair values thus calculated to the respective instruments' fair value as provided by the counterparty and as calculated in third-party valuation models.

The fair value of forward exchange contracts is calculated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate. This calculation is compared to the listed market price, if available.

During the financial year ended December 31, 2012 no financial assets or liabilities have been transferred from one level to another level.

5.4 Property and equipment

(in thousands of euro)	Land, buildings, and leasehold improvements	Network	Construction in progress	Furniture, equipment, and vehicles	Total
Cost					
At January 1, 2011	**103,215**	**2,769,185**	**79,408**	**57,295**	**3,009,103**
Additions	1,726	342	249,190	942	252,200
Transfers	2,162	222,705	(230,778)	5,879	(32)
Disposals	(1,023)	(6,447)	-	(109)	(7,579)
Write-off of fully amortized assets	-	(13,769)	-	-	(13,769)
At December 31, 2011	**106,080**	**2,972,016**	**97,820**	**64,007**	**3,239,923**
Additions	768	1,078	299,338	767	301,951
Transfers	2,586	270,181	(265,856)	5,324	12,235
Disposals	(680)	(16,485)	(300)	(21)	(17,486)
Write-off of fully amortized assets	(365)	(900,292)	-	(19,958)	(920,615)
At December 31, 2012	**108,389**	**2,326,498**	**131,002**	**50,119**	**2,616,008**
Accumulated Depreciation					
At January 1, 2011	**24,709**	**1,628,060**	**-**	**46,132**	**1,698,901**
Depreciation charge for the year	5,450	247,936	-	5,633	259,019
Transfers	(7)	-	-	(25)	(32)
Disposals	(970)	(4,262)	-	(85)	(5,317)
Write-off of fully amortized assets	-	(13,769)	-	-	(13,769)
At December 31, 2011	**29,182**	**1,857,965**	**-**	**51,655**	**1,938,802**
Depreciation charge for the year	5,600	248,508	-	4,954	259,062
Transfers	-	12,941	-	-	12,941
Disposals	(680)	(10,846)	-	(135)	(11,661)
Write-off of fully amortized assets	(365)	(900,292)	-	(19,958)	(920,615)
At December 31, 2012	**33,737**	**1,208,276**	**-**	**36,516**	**1,278,529**
Carrying Amount					
At December 31, 2012	74,652	1,118,222	131,002	13,603	1,337,479
At December 31, 2011	76,898	1,114,051	97,820	12,352	1,301,121
Carrying Amount of Finance Leases included in Property and Equipment					
At December 31, 2012	32,398	177,031	-	-	209,429
At December 31, 2011	35,092	204,131	-	-	239,223

The Company assesses the estimated useful lives of its property and equipment each reporting period to determine whether events or circumstances warrant a revision of these estimated useful lives. The assessment performed in 2012 did not result in any revision to the estimated useful lives of the Company's currently existing property and equipment.

In 2012 and 2011, the Company did not acquire or construct any assets that qualified for the capitalization of borrowing costs.

For further information regarding finance lease obligations, see Note 5.12.7 to the consolidated financial statements of the Company.

For further information regarding assets pledged as security, refer to Note 5.12.6.

In 2012, the Company removed €920.6 million of gross cost and accumulated depreciation related to fully depreciated assets which are no longer used by the Company (2011: €13.8 million).

The disposals of property and equipment in 2012 (2011) mainly consisted of:

- HD cards with a gross cost of €12.4 million and a carrying amount of €3.4 million resulting in a loss on disposal of €2.0 million (2011: gross cost of €4.6 million and a carrying amount of €1.7 million resulting in a loss on disposal of €1.1 million);
- Set-top boxes with a gross cost of €3.1 million and a carrying amount of €1.3 million resulting in a gain on disposal of €1.0 million;

The Company determined that its property and equipment constitutes a single cash generating unit for the purpose of impairment testing.

5.5 Goodwill

Goodwill as at December 31, 2012 remained unchanged from the prior year-end at €1,241.8 million.

The Company performed its annual review for impairment during the third quarters of 2012 and 2011. Goodwill was allocated to one cash generating unit. The recoverable amount of the cash generating unit was based on its value in use and was determined by discounting the future cash flows to be generated from its continuing use (Discounted Cash Flow method). The value in use of the cash generating unit in 2012 was determined in a similar manner to 2011.

The key assumptions for the value in use calculations used to determine the recoverable amount are those regarding the discount rates and expected changes to selling prices, product offerings, direct costs, EBITDA margins and terminal growth rates. The discount rate used is a pre-tax measure estimated based on past experience, and industry average weighted cost of capital. Changes in selling practices and direct costs are based on past practices and expectations of future changes in the market. The calculation uses cash flow projections based on financial budgets approved by management, the Company's Long-Range Plan through 2017, and a pre-tax discount rate of 10.2% (In 2011 a pre-tax discount rate was used of 9.0%) based on current market assessments of the time value of money and the risks specific to the Company. The development of the Long-Range Plan relies on a number of assumptions, including:

- market growth, the evolution of the Company's market share and the resulting trends in the number of subscribers;
- the product mix per subscriber;
- the average revenue per subscriber;
- the expected evolution of various direct and indirect expenses;
- the expected evolution in other variable and fixed costs;
- the estimated future capital expenditure (excluding capital expenditure that improves or enhances the Company's assets' performance).

The assumptions were derived mainly from:

- available historic data;
- external market research and observations with respect to e.g. inflation, changes in the remuneration index, evolutions of the number of households, connection points, etc.;
- internal market expectations based on trend reports, the current state of important negotiations, etc.

For 2012, as well as 2011, cash flows beyond the five-year period have been extrapolated using no growth rate, based on historical data and macro-economic conditions. This growth rate does not exceed the long-term average growth rate for the industry as published periodically in the Bulletins of the European Central Bank (ECB).

The Discounted Cash Flow calculation for determining the value in use and net recoverable amount mentioned above was reviewed for reasonableness by comparing the result of the calculation to the market capitalization of the Company.

The key assumptions used are reviewed and updated on a yearly basis by the Company's management. Taking into account the considerable excess of the cash generating unit's recoverable amount over its carrying amount, and based on sensitivity testing performed, management is of the opinion that any reasonably possible changes in key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed the recoverable amount at December 31, 2012.

5.6 Other intangible assets

(in thousands of euro)	Network user rights	Trade name	Software	Customer relation-ships	Broad-casting rights	Other	Subtotal	Broad-casting rights for resale purposes	Total
Cost									
At January 1, 2011	**30,847**	**121,514**	**251,614**	**229,078**	**15,444**	**21,125**	**669,622**	**-**	**669,622**
Additions	71,780	-	45,786	-	100,567	-	218,133	71,961	290,094
Disposals	-	-	-	-	-	-	-	(71,961)	(71,961)
Write-off of fully depreciated assets	(405)	-	-	-	(4,778)	-	(5,183)	-	(5,183)
At December 31, 2011	**102,222**	**121,514**	**297,400**	**229,078**	**111,233**	**21,125**	**882,572**	**-**	**882,572**
Additions	267	-	41,662	-	9,348	-	51,277	1,455	52,732
Disposals	-	-	(273)	-	-	-	(273)	(1,455)	(1,728)
Write-off of fully depreciated assets	(267)	-	(23,506)	(16,302)	(11,793)	-	(51,868)	-	(51,868)
At December 31, 2012	**102,222**	**121,514**	**315,283**	**212,776**	**108,788**	**21,125**	**881,708**	**-**	**881,708**
Accumulated Amortization									
At January 1, 2011	**598**	**78,963**	**177,963**	**90,585**	**5,690**	**2,264**	**356,063**	**-**	**356,063**
Charge of the year	5,486	8,190	36,583	20,355	22,991	139	93,744	-	93,744
Write-off of fully depreciated assets	(405)	-	-	-	(4,778)	-	(5,183)	-	(5,183)
Impairment	28,464	-	-	-	-	-	28,464	-	28,464
At December 31, 2011	**34,143**	**87,153**	**214,546**	**110,940**	**23,903**	**2,403**	**473,088**	**-**	**473,088**
Charge of the year	7,667	8,089	43,633	20,364	39,595	183	119,531	-	119,531
Disposals	-	-	(6)	-	-	-	(6)	-	(6)
Write-off of fully depreciated assets	(267)	-	(23,506)	(16,302)	(11,793)	-	(51,868)	-	(51,868)
At December 31, 2012	**41,543**	**95,242**	**234,667**	**115,002**	**51,705**	**2,586**	**540,745**	**-**	**540,745**
Carrying Amount									
At December 31, 2012	60,679	26,272	80,616	97,774	57,083	18,539	340,963	-	340,963
At December 31, 2011	68,079	34,361	82,854	118,138	87,330	18,722	409,484	-	409,484

The Company's intangible assets other than goodwill each have a finite life and are comprised primarily of network user rights, trade name, software development and acquisition costs, customer relationships, broadcasting rights, out of market component of future leases and contracts with suppliers.

The Company assesses the estimated useful lives of its finite intangible assets each reporting period to determine whether events or circumstances warrant a revision of these estimated useful lives. The assessment performed in 2012 did not result in any revision to the estimated useful lives of intangible assets.

In 2012, the Company removed €51.9 million of gross cost and accumulated amortization related to fully amortized assets which are no longer used by the Company (2011: €5.2 million).

Following a tendering procedure in June 2011, the Company acquired five of the six auctioned batches comprising the exclusive broadcasting rights for the main fixtures of the Belgian football championship for the three seasons starting July 2011. Concurrently, the company entered into agreements with various third parties for the partial or full resale of certain of these rights. Taking into account the three-year term of the contract and the deferred payment terms, the cost or cash price equivalent was determined by means of a net present value calculation using the effective interest method applying an incremental borrowing rate of 3.89%. This resulted in the recognition in 2011 of an intangible asset for the broadcasting rights retained by the Company of €86.6 million. On December 16, 2011, the Company also acquired the remaining batch comprising the non-exclusive broadcasting rights for the two football seasons starting July 2012. The cost or cash price equivalent for this batch was calculated using the effective interest method applying an incremental borrowing rate of 2.55%. This resulted in the recognition in 2011 of an additional intangible asset of €2.0 million. The intangible assets related to sports broadcasting rights are amortized on a pro rata basis as the respective sports seasons progress.

Following an auction launched in March 2011 by the BIPT, Telenet Tecteo Bidco NV, a partnership between Telenet NV and the Walloon cable operator Tecteo SCRL, acquired the fourth 3G mobile spectrum license in Belgium. The Company recognized the acquired spectrum as an intangible asset for an amount of €71.5 million, equal to the cash price equivalent (i.e. the net present value) at the acquisition date of the yearly installments. This intangible asset is being amortized on a straight-line basis through the expiry date of the underlying license of March 15, 2021. The Company also exercised its call option to request a certain number of channels within the 2G mobile spectrum, which will become available in November 2015. As the exact frequencies will only be determined in 2015 and taken into account that it is highly likely that certain of these frequencies are currently in use by other operators, the Company determined that its right to acquire 2G mobile spectrum as from November 15, 2015 does not yet meet the definition of an intangible asset.

As of December 31, 2012, the Company had not yet deployed the 3G mobile spectrum commercially. At present, the Company continues its efforts to use the asset as originally intended by management. As of December 31, 2012, there are no indications that the asset's carrying amount (€60.7 million) may no longer be recoverable. Depending on the outcome of the efforts and the Company's assessment of alternative means to use or to monetize this asset, a triggering event might occur which could lead to the impairment of all or part of the carrying value of this asset during 2013.

In 2010, the Company recognized an intangible asset related to a license to use Digital Terrestrial Television (DTT) spectrum over the network of Norkring België N.V. (see Note 5.12.7). The Company re-assessed its DTT business plan in the second half of 2011, and took note of the following:

- signal coverage issues;
- a lack of content agreements in order to be able to offer a DTT product to Telenet's customers; and
- the expected impact of the regulation by the Belgian telecom and media regulators of television broadcasting and broadband. This regulation is likely to result in DTT becoming a less attractive medium, thus reducing the probability that other parties will want to acquire DTT spectrum. This, in turn, has an unfavorable effect on the DTT license fees to be paid by Telenet.

The Company had not yet started offering DTT services as of December 31, 2011.

Based on the re-assessed business plan, the Company determined that the carrying amount of the underlying intangible asset exceeded its recoverable amount. The recoverable amount was determined by means of a value-in-use calculation based on the revised business plan, and using a discount rate of 10.6%. Consequently, an impairment loss in respect of the intangible assets related to DTT was recognized in 2011 for an amount of €28.5 million (Note 5.19).

Telenet launched a commercial offer in July 2012 under the Teletenne brand name and started offering DTT services. The Company made an assessment at December 31, 2012 and concluded that there was no indication that the previously recognized impairment loss needed to be reversed.

For information regarding finance leases of intangible assets, see Note 5.12.7 to the consolidated financial statements of the Company.

5.7 Trade receivables

(in thousands of euro)	December 31, 2012	December 31, 2011
Trade receivables	115,437	104,648
Less: provision for impairment of trade receivables	(4,907)	(11,025)
Trade receivables, net	**110,530**	**93,623**

At December 31, 2012 and 2011, respectively, the ageing of Telenet's current trade receivables can be detailed as follows:

				Past due			
(in thousands of euro)	Not due	1-30 days	31-60 days	61-90 days	91-120 days	>120 days	Total
December 31, 2012	65,306	28,030	5,640	2,259	1,808	12,394	115,437
December 31, 2011	47,340	22,875	7,468	2,289	2,388	22,288	104,648

All invoices related to residential customers are due within 20 days. For other clients, the payment due date is set at 30 or 60 days. In accordance with the Company's accounting policies and based on historical experience, trade receivables that are less than 120 days past due are not considered impaired. At December 31, 2012, a total amount of €37.7 million (2011: €35.0 million) was past due but not considered impaired for these reasons. With respect to these trade receivables, there are no indications that the debtors will not meet their payment obligations. The credit quality of trade and other receivables is assessed, and the Company monitors customer credit risk, based on a credit policy established by the Company's management.

Outstanding trade receivables past due for more than 120 days are considered as potentially impaired and are subject to detailed analysis at the customer level, and a provision for impairment of trade receivables is established based upon objective evidence that the Company will not be able to collect the amounts. Significant financial difficulties of the debtor, defaults in payments, and other adverse debtor circumstances are considered indicators that the trade receivable is impaired. Based on the necessary and appropriate underlying documentation, receivables more than 120 days past due for which it is likely that the amount due will be recovered, are excluded from the calculation of the allowance for bad debts. For the remaining receivables more than 120 days past due, a bad debt allowance is provided for at 100%.

The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Company believes that there is no further credit provision required in excess of the allowance for doubtful debts.

The following table shows the development of the provision for impairment of trade receivables:

(in thousands of euro)	December 31, 2012	December 31, 2011
Provision for impairment of trade receivables at the beginning of the year	(11,025)	(7,130)
Additions	(2,119)	(4,293)
Reductions and write-offs	8,237	398
Provision for impairment of trade receivables at the end of the year	**(4,907)**	**(11,025)**

When a trade receivable is uncollectible, it is written off against the provision for impairment of trade receivables. Trade receivables impairment losses have been included in cost of services provided in the consolidated statement of comprehensive income. The Company does not hold any receivables in foreign currency.

5.8 Other assets

5.8.1 Non-current

(in thousands of euro)	Note		December 31, 2012	December 31, 2011
Outstanding guarantees to third parties for own liabilities (cash paid)		5.3.4	2,723	2,817
Funding of post retirement obligation	5.16		3,156	3,082
Receivables from sale of sports broadcasting rights	5.6	5.3.4	8,462	32,806
Other			-	181
Other non-current assets			**14,341**	**38,886**

5.8.2 Current

(in thousands of euro)	Note		December 31, 2012	December 31, 2011
Recoverable withholding taxes			981	888
Prepaid content			5,953	5,521
Prepayments			13,697	9,049
Unbilled revenue		5.3.4	45,725	50,091
Receivables from sale of sports broadcasting rights	5.6	5.3.4	19,210	21,215
Other		5.3.4	3,561	1,236
Other current assets			**89,127**	**88,000**

Unbilled revenue generally represents revenue for which the Company has already provided a service or product in accordance with the customer agreement but for which the customer has not yet been invoiced.

The receivables from the sale of broadcasting rights relate primarily to the Belgian football broadcasting rights. Concurrent with the acquisition of the exclusive broadcasting rights for the main fixtures of the Belgian football championship for the three seasons starting July 2011, the Company entered into agreements with various third parties for the partial or full resale of certain of these rights. Taking into account the three-year term of the contract and the deferred payment terms, the cost or cash price equivalent of the sold part of the rights was determined by means of a net present value calculation using the effective interest method by applying an incremental borrowing rate of 3.89%. This resulted in an initial aggregate receivable balance of €67.5 million. As per December 31, 2012, outstanding non-current and current receivables regarding Belgian football broadcasting rights amounted to €6.6 million (2011: €29.3 million) and €17.3 million (2011: €19.8 million), respectively, and are included in the balances of "Receivables from sale of sports broadcasting rights" shown in the tables above.

5.9 Inventories

As of December 31, 2012, inventories amounted to €17.8 million (2011: €9.1 million) and consisted mainly of mobile handsets as well as wireless modems, HD digiboxes and powerline adaptors. The increase compared to the end of 2011 of €8.7 million was mainly due to an increase in the mobile handsets inventory of €4.7 million, an increase in the HD digiboxes inventory of €3.3 million and an increase in the powerline adaptors inventory of €0.6 million.

The net book value of inventories also includes inventory impairments to reduce the carrying values to the net realizable value. These inventory impairments amount to €0.5 million and €1.5 million for the years ended December 31, 2012 and 2011, respectively.

5.10 Cash and cash equivalents

(in thousands of euro)	December 31, 2012	December 31, 2011
Cash at bank and on hand	508,334	61,220
Certificates of deposit	397,966	4,135
Money market funds	-	281,242
Total cash and cash equivalents	**906,300**	**346,597**

On December 31, 2012, the certificates of deposit had a weighted average interest rate of 0.14% (2011: 1.24%) and an average maturity of 31 days (2011: 64 days). Cash and cash equivalents are placed with highly rated financial institutions in order to minimize the overall credit risk.

The investments of our cash and cash equivalents at December 31, 2012 and 2011 were in compliance with the Company's Risk Management policies.

5.11 Shareholders' equity

5.11.1 Shareholders' equity

On December 31, 2012, Telenet Group Holding NV had the following shares outstanding, all of which are treated as one class in the earnings per share calculation:

- 113,313,663 ordinary shares (2011: 113,421,984 shares);
- 94,843 Liquidation Dispreference Shares (2011: 94,843 shares), held by Interkabel and Binan Investments B.V. (a subsidiary of Liberty Global Inc.), which have the same rights as the ordinary shares except that they are subject to an €8.02 liquidation dispreference, such that in any liquidation of Telenet Group Holding NV the Liquidation Dispreference Shares would only participate in the portion of the proceeds of the liquidation that exceed €8.02 per share. Liquidation Dispreference Shares may be converted into ordinary shares at a rate of 1.04 to 1; and
- 30 Golden Shares (2011: 30 shares) held by the financing municipalities[1], which have the same rights as the ordinary shares and which also give their holders the right to appoint representatives to the Regulatory Board, which oversees the public interest guarantees related to Telenet's offering of digital television.

As of December 31, 2012, share capital amounted to €12.3 million (2011: €294.2 million).

[1] The financing municipalities, currently holding the Golden Shares, are: IFIGGA, FINEA, FINGEM, IKA, FINILEK, FINIWO and FIGGA.

Capital reductions

With respect to the repayments of the capital reductions approved by the extraordinary shareholders' meetings of Telenet Group Holding NV on August 17, 2007, May 28, 2009, April 28, 2010 and April 27, 2011 of respectively €6.00, €0.50, €2.23 and €4.50 per share, payments have been made in 2011 totaling €509.0 million.

On April 25, 2012, the extraordinary shareholders' meeting of Telenet Group Holding NV approved a capital reduction of €3.25 per share. This was executed as a repayment of capital to all shareholders of Telenet Group Holding NV at the moment of the closing of trading on Euronext Brussels on August 27, 2012 with the payment of €366.2 million made in 2012. No changes to the outstanding number of shares occurred as a result of this transaction.

Dividend payment

On April 25, 2012, the shareholders' meeting of Telenet Group Holding NV approved a dividend payment of €1.00 per share. This was executed as a dividend to all shareholders of Telenet Group Holding NV at the moment of the closing of trading on Euronext Brussels on May 6, 2012 with the payment of €113.2 million made in 2012. No changes to the outstanding number of shares occurred as a result of this transaction.

Own shares

On August 9, 2011, the Company announced the initiation of a share repurchase program, referred to as the "Share Repurchase Program 2011". Under this program, the Company could acquire from time to time up to maximum 1 million of its outstanding ordinary shares within a period of nine months. All repurchased shares are being held by the Company to cover the Company's obligations under existing stock option plans. There will be no dividend rights for these shares for as long as they remain in possession of the Company.

As of December 31, 2012, the Company still held 220,352 shares under the Share Repurchase Program 2011 for a total amount of €5.8 million, representing 0.2% of the total outstanding shares at December 31, 2012.

On February 16, 2012, the Company announced the initiation, as of February 20, 2012, of a new share repurchase program, referred to as the "Share Repurchase Program 2012". Under this program, the Company could acquire from time to time up to maximum 3 million of its outstanding ordinary shares, for a maximum consideration of €50 million, within the six months following February 20, 2012. All repurchased shares were to be cancelled by the Company.

The Share Repurchase Program 2012 replaced the previously approved Share Repurchase Program 2011, which contained certain maximum price limits that were no longer relevant at the time, given changed market circumstances. On April 25, 2012 all 800,492 shares repurchased under the Share Repurchase Program 2012 until that date, were cancelled by the Company. On September 13, 2012, a further 648,584 shares repurchased under the Share Repurchase

Program 2012 until that date, were also cancelled by the Company. Under the Share Repurchase Program 2012, the Company has repurchased in total 1,449,076 shares for a total amount of €45.7 million.

On August 13, 2012, the Company announced the initiation of another share repurchase program, referred to as the "Self Tender Offer". Under this Self Tender Offer, the Company intended to acquire up to a maximum of 20,673,043 of its outstanding ordinary shares, or 18.20% of the share capital of the Company at that time, at a price of €35.00 per share. This price was to be adjusted downwards by the gross amount of any distributions prior to the closing of the tender offer (including the €3.25 per share paid on August 31, 2012 pursuant to the capital decrease approved by the extraordinary shareholders' meeting on April 25, 2012) effective as of the date of any such distribution. Because of the announcement of the Self Tender Offer, the previously approved Share Repurchase Program 2012 was terminated as of August 13, 2012 and had been executed for approximately 91% of the committed amount. The extraordinary shareholders meeting of September 13, 2012, approved to cancel the shares repurchased under the Self Tender Offer with immediate effect. The Self Tender Offer was cancelled on September 20, 2012, before the final approval of the prospectus in this respect by the board of directors, due to the voluntary and conditional public takeover bid by Binan Investments B.V. on the remaining outstanding shares of the Company announced on that date.

5.11.2 Employee share based compensation

Class A Options

In August 2004, the Company granted 1,500,000 Class A Options to certain members of management to subscribe to 1,500,000 Class A Profit Certificates ("Class A Options"). Except for 506,712 Class A Options that vested immediately upon grant, the vesting period of the Class A Options extended to a maximum of 40 months and Class A Options could be exercised through June 2009, prior to the extension in 2009 with an additional three years, as approved by the extraordinary shareholders' meeting of May 28, 2009. As of April 25, 2012, there are no more Class A Options or Profit Certificates outstanding.

The Profit Certificates were exchangeable into shares of the Company on a one for one basis, subject to certain conditions being met. Upon exercise, these profit certificates gave the holders the right to receive dividends equal to dividends distributed, if any, to the holders of the Company's shares.

Warrant Plan 2007, Warrant Plan 2008, Warrant Plan 2009 and Warrant Plan 2010

The details regarding the Warrant Plan 2007, Warrant Plan 2008, Warrant Plan 2009 and Warrant Plan 2010 issued by the Company are summarized in the table below:

	Issuance of warrants	
Warrant Plan	**Date approved by the extraordinary shareholders' meeting**	**Total number of warrants issued**
Warrant Plan 2007	December 27, 2007	3,300,000
Warrant Plan 2008	May 29, 2008	317,000
Warrant Plan 2009	May 28, 2009	180,000
Warrant Plan 2010	April 28, 2010	2,800,000

Under all of the aforementioned plans, the warrants vest in equal parts per quarter over a period of four years and each warrant gives the holder the right to subscribe to one new share of the Company.

On August 11, 2011, the board of directors authorized one new grant of warrants under the Warrant Plan 2010 to certain key management personnel (ESOP 2010 ter). In 2012, there were no new grants under the Warrant plan 2010. The remaining 1,595,300 ungranted warrants under the Warrant Plan 2010 can be granted until April 28, 2013.

Specific Stock Option Plan 2010-2014

On March 24, 2010, the board of directors approved a specific stock option plan for the CEO for a total number of 850,000 options on existing shares (the Specific Stock Option Plan 2010-2014 or SSOP 2010-2014). Each of these stock options entitles the holder thereof to purchase from the Company one existing share of the Company. On April 28, 2010, the extraordinary shareholders' meeting of the Company approved certain terms and conditions of the SSOP 2010-2014.

The grant of 850,000 stock options under the SSOP 2010-2014 was effectively made to the CEO on September 4, 2010, who accepted this offer on October 3, 2010.

The vesting of these options is contingent upon the achievement of certain performance criteria. The Remuneration & Nomination Committee, in consultation with the CEO, determines for each installment the performance criteria and each year the Remuneration & Nomination Committee decides whether these criteria have been met.

In October 2010, the first tranche of 250,000 stock options were granted to the CEO with an exercise price of €23.00 per option. The Remuneration & Nomination Committee determined in 2011 that the applicable performance criteria had been achieved for 2010, which resulted in the vesting of these 250,000 options on March 1, 2011.

In February 2011, the second tranche of 200,000 stock options were granted to the CEO with an exercise price of €24.00 per option. The Remuneration & Nomination Committee determined on February 15, 2012 that the applicable performance criteria had been achieved for 2011, which resulted in the vesting of these 200,000 options (232,258 options after giving effect to the impact of the 2011 capital reduction) with an exercise price of €20.67 per option (after giving effect to the impact of the 2011 capital reduction) on March 1, 2012.

In February 2012, the third tranche of 200,000 stock options was granted to the CEO with an exercise price of €25.00 per option (€21.53 after giving effect to the impact of the 2011 capital reduction). The Remuneration & Nomination Committee has determined on February 11, 2013 that the applicable performance criteria have been achieved for 2012, which resulted in the vesting of these 200,000 options (256,490 options after giving effect to the impact of the 2011 and 2012 capital reduction) with an exercise price

		Warrants granted		
Name of the grant	**Date offered**	**Number of warrants offered**	**Number of warrants accepted**	**Beneficiaries**
Warrant Plan 2007	December 27, 2007	55,000	27,500	certain employees
Warrant Plan 2007 bis	March 5, 2008	1,294,000	1,058,600	certain employees
Warrant Plan 2007 ter	August 25, 2008	63,000	43,000	certain employees
Warrant Plan 2007 quater	June 30, 2009	1,298,000	1,236,000	certain employees
Warrant Plan 2007 quinquies	December 4, 2009	155,000	155,000	CEO
Warrant Plan 2007 sexies	December 18, 2009	117,500	93,000	certain employees
Warrant Plan 2007 septies	September 28, 2010	189,900	189,900	certain employees
Warrant Plan 2008	May 29, 2008	317,000	317,000	CEO
Warrant Plan 2009	May 28, 2009	180,000	180,000	CEO
Warrant Plan 2010 primo	September 28, 2010	1,147,600	1,006,700	certain employees
Warrant Plan 2010 bis	December 10, 2010	70,500	50,500	certain employees
Warrant Plan 2010 ter	August 11, 2011	184,500	147,500	certain employees

of €19.50 per option (after giving effect to the impact of the 2011 and 2012 capital reduction) on March 1, 2013.

On March 14, 2013 the Remuneration & Nomination Committee, in consultation with the CEO, has determined the performance criteria for the last tranche of 200,000 options under the SSOP 2010-2014 (256,490 after giving effect to the impact of the 2011 and 2012 capital reduction) with an exercise price of €26.00 per option (€20.27 after giving effect to the impact of the 2011 and 2012 capital reduction), and therefore the grant of these options is for accounting purposes considered to have occurred on that date. Subject to achievement of the relevant performance criteria for the year 2013, these options will vest on March 1, 2014.

Any options that vest pursuant to the Telenet Specific Stock Option Plan 2010-2014 become exercisable during defined exercise periods following January 1, 2014. All options under the SSOP 2010-2014 have an expiration date of September 4, 2017.

For accounting purposes, the grant dates of all of the above mentioned grants were defined as the date the beneficiaries accepted the offer. The fair values of the warrants and the stock options granted during 2007 through 2012 were determined using the Black-Scholes option-pricing model. As mentioned above, no warrants were granted during 2012.

The grant dates for accounting purposes, as well as the underlying assumptions for determining the grant date fair value can be summarized as follows:

	Grant Date (for accounting purposes)	Fair Value at grant date (in euro)	Share Price (in euro)	Exercise Price (in euro) [1]	Expected Volatility	Expected Option Life	Expected Dividends	Risk-free interest rate
Warrant Plan 2007 warrants	January 27, 2008	3.83	18.04	19.40	25.5%	3.61 years	0.0%	3.50%
Warrant Plan 2007 bis warrants	April 19, 2008	2.79 - 4.34	14.51	14.50	24.2% - 27.7%	3.61 years	0.0%	4.07% - 4.20%
Warrant Plan 2007 ter warrants	September 25, 2008	3.15 - 4.62	14.78	14.69	25.9% - 28.5%	3.61 years	0.0%	4.17% - 4.39%
Warrant Plan 2007 quater warrants	July 30, 2009	4.91 - 5.93	16.35	14.36	32.2% - 36.4%	3.61 years	0.0%	1.83% - 2.61%
Warrant Plan 2007 quinquies warrants	January 3, 2010	5.24 - 6.26	19.93	19.45	32.5% - 38.8%	3.61 years	0.0%	1.64% - 2.46%
Warrant Plan 2007 sexies warrants	January 17, 2010	6.10 - 7.15	20.97	18.98	32.5% - 38.8%	3.61 years	0.0%	1.45% - 2.33%
Warrant Plan 2007 septies warrants	November 12, 2010	10.04 - 11.72	28.70	24.02	38.7% - 44.6%	3.61 years	0.0%	1.70% - 2.32%
Warrant Plan 2008 warrants	May 29, 2008	3.02 - 4.78	15.89	15.86	24.3% - 27.6%	3.61 years	0.0%	4.48% - 4.51%
Warrant Plan 2009 warrants	June 26, 2009	2.86 - 3.97	14.60	14.22	32.3% - 36.6%	3.61 years	0.0%	1.88% - 2.71%
Warrant Plan 2010 primo warrants	November 12, 2010	10.04 - 11.72	28.70	24.02	38.7% - 44.6%	3.61 years	0.0%	1.70% - 2.32%
Warrant Plan 2010 bis warrants	January 24, 2011	8.04 - 10.43	28.76	28.79	38.8% - 43.8%	3.61 years	0.0%	2.74% - 3.42%
Warrant Plan 2010 ter warrants	September 26, 2011	6.34 - 15.10	27.44	26.35	30.9% - 70.2%	3.61 years	0.0%	2.36% - 2.95%

1 Exercise price upon grant, i.e. before adjustment for any capital reductions.

	Grant Date (for accounting purposes)	Fair Value at grant date (in euro)	Share Price (in euro)	Exercise Price (in euro)		Expected Volatility	Expected Option Life	Expected Dividends	Risk-free interest rate
				Initially	Adjusted				
Specific Stock Option Plan 2010-2014	October 3, 2010	10.18	24.77	23.00	17.94	36.9%	5.7 years	0.0%	2.44%
"	February 23, 2011	15.31	31.39	24.00	18.72	36.9%	5.3 years	0.0%	3.62%
"	February 15, 2012	11.85	28.82	25.00	19.50	32.2%	4.3 years	0.0%	2.08%
"	March 14, 2013	18.24	38.13	26.00	20.27	23.3%	3.3 years	0.0%	0.33%

Effect of capital reductions on the outstanding options and warrants

Upon the payment of the capital reductions in 2011 and 2012, the Company adjusted all options and warrants to ensure that benefits granted to the option and warrant holders were not reduced. The number of options and warrants was increased and the exercise price was decreased by a factor, which is the ratio of the quoted closing market price of the Telenet Group Holding NV shares on the cum date less the amount of the capital reduction per share versus the quoted market price on the cum date. The cum date is the last day that the share is traded with the relevant coupon attached, i.e. the date that falls 4 business days before the date on which the capital is paid (payment date).

Capital Reduction	Coupon n°	Cum date	Payment date	Amount capital reduction per share (in euro)	Adjustment factor
Capital Reduction 2011	4	July 25, 2011	July 29, 2011	4.50	0.861111
Capital Reduction 2012	6	August 27, 2012	August 31, 2012	3.25	0.905523

As a result of these adjustments, fair values of the options and warrants before and after the capital reduction remained the same for all option and warrant holders resulting in no additional compensation expense. The aforementioned modifications to the different warrant plans can be summarized as follows:

	Outstanding number of options and warrants		Exercise price of the options and warrants (in euro)	
Capital Reduction 2011	**before capital reduction**	**after capital reduction**	**before capital reduction**	**after capital reduction**
Class A Options	297,966	346,025	4.46	3.84
Warrant Plan 2007 warrants	31,269	36,313	17.06	14.69
Warrant Plan 2007 bis warrants	626,275	727,286	12.75	10.98
Warrant Plan 2007 ter warrants	33,260	38,626	12.92	11.13
Warrant Plan 2007 quater warrants	907,656	1,054,049	12.63	10.88
Warrant Plan 2007 quinquies warrants	170,863	198,422	17.64	15.19
Warrant Plan 2007 sexies warrants	82,167	95,419	17.22	14.83
Warrant Plan 2007 septies warrants	179,900	208,916	24.02	20.68
Warrant Plan 2008 warrants	360,444	418,580	13.95	12.01
Warrant Plan 2009 warrants	204,669	237,680	12.51	10.77
Warrant Plan 2010 primo warrants	886,555	1,029,539	24.02	20.68
Warrant Plan 2010 bis warrants	50,500	58,644	28.79	24.79

	Outstanding number of options and warrants		Exercise price of the options and warrants (in euro)	
Capital Reduction 2012	**before capital reduction**	**after capital reduction**	**before capital reduction**	**after capital reduction**
Warrant Plan 2007 warrants	13,007	14,364	14.69	13.30
Warrant Plan 2007 bis warrants	279,031	308,142	10.98	9.94
Warrant Plan 2007 ter warrants	17,998	19,876	11.13	10.08
Warrant Plan 2007 quater warrants	849,921	938,593	10.88	9.85
Warrant Plan 2007 quinquies warrants	198,422	219,124	15.19	13.75
Warrant Plan 2007 sexies warrants	65,662	72,513	14.83	13.43
Warrant Plan 2007 septies warrants	182,916	202,000	20.68	18.73
Warrant Plan 2008 warrants	418,580	462,252	12.01	10.88
Warrant Plan 2009 warrants	237,680	262,478	10.77	9.75
Warrant Plan 2010 primo warrants	872,474	963,509	20.68	18.73
Warrant Plan 2010 bis warrants	47,903	52,901	24.79	22.45
Warrant Plan 2010 ter warrants	137,622	151,981	26.35	23.86

The options under the SSOP 2010-2014 were also amended following the payment of the capital reductions in 2011 and 2012, whereby the number of options was increased and the exercise price was decreased by the same factors of 0.861111 and 0.905523, respectively.

The aforementioned modifications to the SSOP 2010-2014 option plan can be summarized as follows:

	Number of outstanding SSOP 2010-2014 options		Exercise price SSOP 2010-2014 options (in euro)	
Capital Reduction 2011	**before capital reduction**	**after capital reduction**	**before capital reduction**	**after capital reduction**
Tranche 1	250,000	290,323	23.00	19.81
Tranche 2	200,000	232,258	24.00	20.67
Tranche 3	200,000	232,258	25.00	21.53
Tranche 4	200,000	232,258	26.00	22.39

	Number of outstanding SSOP 2010-2014 options		Exercise price SSOP 2010-2014 options (in euro)	
Capital Reduction 2012	**before capital reduction**	**after capital reduction**	**before capital reduction**	**after capital reduction**
Tranche 1	290,323	320,614	19.81	17.94
Tranche 2	232,258	256,490	20.67	18.72
Tranche 3	232,258	256,490	21.53	19.50
Tranche 4	232,258	256,490	22.39	20.27

All plans

A summary of the activity in the Company's stock option and warrant plans for the years ended December 31, 2012, and 2011 is as follows:

	Outstanding Options and warrants	
	Number of Options and Warrants	**Weighted Average Exercise Prices (in euro)**
January 1, 2011	**4,472,201**	**16.13**
Granted		
Warrant Plan 2010 bis warrants granted	50,500	28.79
Warrant Plan 2010 ter warrants granted	147,500	26.35
Specific Stock Option Plan 2010-2014 options granted (Tranche 2)	200,000	24.00
Additional issued upon plan amendment		
Additional Class A Options issued upon plan amendment	48,059	3.84

	Outstanding Options and warrants	
	Number of Options and Warrants	Weighted Average Exercise Prices (in euro)
Additional Warrant Plan 2007 warrants issued upon plan amendment	5,044	14.69
Additional Warrant Plan 2007 bis warrants issued upon plan amendment	101,011	10.98
Additional Warrant Plan 2007 ter warrants issued upon plan amendment	5,366	11.13
Additional Warrant Plan 2007 quater warrants issued upon plan amendment	146,393	10.88
Additional Warrant Plan 2007 quinquies warrants issued upon plan amendment	27,559	15.19
Additional Warrant Plan 2007 sexies warrants issued upon plan amendment	13,252	14.83
Additional Warrant Plan 2007 septies warrants issued upon plan amendment	29,016	20.68
Additional Warrant Plan 2008 warrants issued upon plan amendment	58,136	12.01
Additional Warrant Plan 2009 warrants issued upon plan amendment	33,011	10.77
Additional Warrant Plan 2010 primo warrants issued upon plan amendment	142,984	20.68
Additional Warrant Plan 2010 bis warrants issued upon plan amendment	8,144	24.79
Additional Specific Stock Option Plan 2010-2014 options issued upon plan amendment (Tranche 1)	40,323	19.81
Additional Specific Stock Option Plan 2010-2014 options issued upon plan amendment (Tranche 2)	32,258	20.67
Exercised		
Class B Options exercised	(12,179)	5.59
Warrant Plan 2007 warrants exercised	(1,806)	14.69
Warrant Plan 2007 bis warrants exercised	(192,229)	12.00
Warrant Plan 2007 ter warrants exercised	(1,592)	11.53
Warrant Plan 2007 quater warrants exercised	(312,280)	11.87
Warrant Plan 2007 sexies warrants exercised	(18,933)	14.94
Warrant Plan 2007 septies warrants exercised	(31,000)	21.76
Warrant Plan 2010 primo warrants exercised	(148,748)	22.26
Warrant Plan 2010 bis warrants exercised	(4,352)	24.79
Forfeited		
Warrant Plan 2007 bis warrants forfeited	(1,992)	12.75
Warrant Plan 2007 ter warrants forfeited	(1,136)	12.92
Warrant Plan 2007 quater warrants forfeited	(17,420)	10.88
Warrant Plan 2007 sexies warrants forfeited	(7,096)	17.22
Warrant Plan 2010 primo warrants forfeited	(53,641)	23.77
Warrant Plan 2010 bis warrants forfeited	(3,488)	24.79
December 31, 2011	**4,752,865**	**14.93**

	Outstanding Options and warrants	
	Number of Options and Warrants	Weighted Average Exercise Prices (in euro)
Granted		
Specific Stock Option Plan 2010-2014 options granted (Tranche 3)	232,258	21.53
Additional issued upon plan amendment		
Additional Warrant Plan 2007 warrants issued upon plan amendment	1,357	13.30
Additional Warrant Plan 2007 bis warrants issued upon plan amendment	29,111	9.94
Additional Warrant Plan 2007 ter warrants issued upon plan amendment	1,878	10.08
Additional Warrant Plan 2007 quater warrants issued upon plan amendment	88,672	9.85
Additional Warrant Plan 2007 quinquies warrants issued upon plan amendment	20,702	13.75
Additional Warrant Plan 2007 sexies warrants issued upon plan amendment	6,851	13.43
Additional Warrant Plan 2007 septies warrants issued upon plan amendment	19,084	18.73
Additional Warrant Plan 2008 warrants issued upon plan amendment	43,672	10.88
Additional Warrant Plan 2009 warrants issued upon plan amendment	24,798	9.75
Additional Warrant Plan 2010 primo warrants issued upon plan amendment	91,035	18.73
Additional Warrant Plan 2010 bis warrants issued upon plan amendment	4,998	22.45
Additional Warrant Plan 2010 ter warrants issued upon plan amendment	14,359	23.86
Additional Specific Stock Option Plan 2010-2014 options issued upon plan amendment (Tranche 1)	30,291	17.94
Additional Specific Stock Option Plan 2010-2014 options issued upon plan amendment (Tranche 2)	24,232	18.72
Additional Specific Stock Option Plan 2010-2014 options issued upon plan amendment (Tranche 3)	24,232	19.50
Exercised		
Class A Options exercised	(346,025)	3.84
Warrant Plan 2007 warrants exercised	(35,864)	14.13
Warrant Plan 2007 bis warrants exercised	(506,082)	10.69
Warrant Plan 2007 ter warrants exercised	(33,033)	10.70
Warrant Plan 2007 quater warrants exercised	(183,709)	10.12
Warrant Plan 2007 sexies warrants exercised	(24,657)	13.81
Warrant Plan 2007 septies warrants exercised	(5,000)	20.68
Warrant Plan 2010 primo warrants exercised	(167,224)	19.43
Warrant Plan 2010 bis warrants exercised	(12,112)	23.01
Warrant Plan 2010 ter warrants exercised	(27,049)	23.91
Forfeited		
Warrant Plan 2007 quater warrants forfeited	(2,479)	10.88
Warrant Plan 2007 sexies warrants forfeited	(6,110)	14.58
Warrant Plan 2010 primo warrants forfeited	(29,885)	19.70
Warrant Plan 2010 ter warrants forfeited	(11,863)	25.83
December 31, 2012	**4,019,303**	**14.92**

The options and warrants in the table below were exercised resulting in the receipt of payments of €14.1 million and €10.5 million during the years ended December 31, 2012 and 2011, respectively. Upon exercise, the Class B options and Class A options were exchanged on a one-for-one basis for Class B Profit Certificates and Class A Profit Certificates and were accounted for as increases in Equity based compensation reserves within Equity. These reserves are transferred from Equity based compensation reserves to Share Capital when the Profit Certificates are exchanged for shares of the Company and resulted in transfers of €1.3 million and €0.2 million in 2012 and 2011, respectively. Warrant Plan 2007 and Warrant Plan 2010 warrants were exchanged on a one-for-one basis for ordinary shares.

Class of options and warrants	**Number of options and warrants exercised**	**Exercise date**	**Share price at exercise date (in euro)**
Class A Options	346,025	25/04/2012	31.91
Warrant Plan 2007 warrants	21,500	25/04/2012	31.91
	14,364	25/09/2012	34.89
Warrant Plan 2007 bis warrants	367,234	25/04/2012	31.91
	135,595	25/09/2012	34.89
	3,253	13/11/2012	35.52
Warrant Plan 2007 ter warrants	19,391	25/04/2012	31.91
	11,227	25/09/2012	34.89
	2,415	13/11/2012	35.52
Warrant Plan 2007 quater warrants	48,154	25/04/2012	31.91
	117,919	25/09/2012	34.89
	17,636	13/11/2012	35.52
Warrant Plan 2007 sexies warrants	6,683	25/04/2012	31.91
	16,870	25/09/2012	34.89
	1,104	13/11/2012	35.52
Warrant Plan 2007 septies warrants	5,000	25/04/2012	31.91
Warrant Plan 2010 primo warrants	59,934	25/04/2012	31.91
	98,075	25/09/2012	34.89
	9,215	13/11/2012	35.52
Warrant Plan 2010 bis warrants	2,901	25/04/2012	31.91
	9,211	25/09/2012	34.89
Warrant Plan 2010 ter warrants	500	25/04/2012	31.91
	18,272	25/09/2012	34.89
	8,277	13/11/2012	35.52

The following table summarizes information about stock options and warrants outstanding and exercisable as of December 31, 2012:

Class of options and warrants	Number of options and warrants outstanding	Number of options and warrants exercisable	Weighted average remaining contractual life	Current exercise prices (in euro)
Warrant Plan 2007 bis warrants	169,294	169,294	38 months	9.94
Warrant Plan 2007 ter warrants	6,234	6,234	44 months	10.08
Warrant Plan 2007 quater warrants	803,038	624,374	18 months	9.85
Warrant Plan 2007 quinquies warrants	219,124	164,340	23 months	13.75
Warrant Plan 2007 sexies warrants	53,431	29,369	24 months	13.43
Warrant Plan 2007 septies warrants	202,000	95,443	33 months	18.73
Warrant Plan 2008 warrants	462,252	462,252	5 months	10.88
Warrant Plan 2009 warrants	262,478	229,664	17 months	9.75
Warrant Plan 2010 primo warrants	841,221	356,711	33 months	18.73
Warrant Plan 2010 bis warrants	43,690	16,425	35 months	22.45
Warrant Plan 2010 ter warrants	122,947	23,777	43 months	23.86
Specific Stock Option Plan 2010-2014 options tranche 1	320,614	-	56 months	17.94
Specific Stock Option Plan 2010-2014 options tranche 2	256,490	-	56 months	18.72
Specific Stock Option Plan 2010-2014 options tranche 3	256,490	-	56 months	19.50

Total compensation expense associated with the Company's option and warrant plans amounted to €6.2 million in 2012 (2011: €13.0 million).

Performance shares

In December 2011, Telenet granted certain of its Executive Team members (other than its chief executive officer) a total of 31,914 performance shares ("the 2011 Telenet Performance Shares"). The performance target applicable to the 2011 Telenet Performance Shares is the achievement of a compound annual growth rate (CAGR) for operating free cash flow (OFCF), when comparing 2013 OFCF to 2010 OFCF. A performance range of 75% to 150% of the target OFCF CAGR would generally result in award recipients earning 50% to 150% of their 2011 Telenet Performance Shares, subject to reduction or forfeiture based on individual performance and service requirements. The earned 2011 Telenet Performance Shares will vest on December 6, 2014. The 2011 Telenet Performance Shares were amended following the payment of the capital reduction in 2012, whereby the number of performance shares was increased by the same factor 0.905523 as used for the amendment of warrants and options. Any compensation costs attributable to the 2011 Telenet Performance Shares is recognized over the requisite service period of the awards and will be included in stock-based compensation in Telenet's consolidated statements of operations.

In 2012, Telenet recognized €0.4 million of compensation expense in respect of the 2011 Telenet Performance Shares (2011: 0.0 million).

In October 2012, Telenet granted certain of its Executive Team members (other than its chief executive officer) and one other manager a total of 33,896 performance shares ("the 2012 Telenet Performance Shares"). The performance target applicable to the 2012 Telenet Performance Shares is the achievement of a compound annual growth rate (CAGR) for operating free cash flow (OFCF), when comparing 2014 OFCF to 2011 OFCF. A performance range of 75% to 150% of the target OFCF CAGR would generally result in award recipients earning 50% to 150% of their 2012 Telenet Performance Shares, subject to reduction or forfeiture based on individual performance and service requirements. The earned 2012 Telenet Performance Shares will vest on October 24, 2015. Any compensation costs attributable to the 2012 Telenet Performance Shares will be recognized over the requisite service period of the awards and will be included in stock-based compensation in Telenet's consolidated statements of operations.

In 2012, Telenet recognized €0.3 million of compensation expense in respect of the 2012 Telenet Performance Shares.

5.11.3 Employee share purchase plan

On May 29, 2008, the extraordinary shareholder's meeting of the Company approved the issuance of a new Employee Share Purchase Plan ("ESPP 2011") for a maximum amount of €23.5 million.

In February 2011, the board of directors offered to all of Telenet's employees the opportunity to purchase new shares of Telenet Group

Holding NV under the terms of the ESPP 2011 at a discount of 16.67% to the average share price over the 30 days preceding March 20, 2011 and communicated on March 24, 2011. Based on the average share price of €31.65 during this 30 day period, the shares were offered to the personnel at a subscription price of €26.38. As the shares were fully vested at the time of the transaction, the Company recognized €2.4 million as compensation expense in 2011 for the 341,168 shares that were purchased.

5.12 Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortized cost. For more information about the Company's exposure to interest rate and liquidity risk, see Note 5.3.

The balances of loans and borrowings specified below include accrued interest as of December 31, 2012 and 2011.

For the years ended December 31 (in thousands of euro)	**2012**	**2011**
2010 Amended Senior Credit Facility		
Revolving Credit Facility	294	294
Term Loan Q	431,038	431,090
Term Loan R	798,634	798,739
Term Loan T	175,000	-
Senior Secured Fixed Rate Notes		
€500 million Senior Secured Notes due 2020	503,984	503,984
€100 million Senior Secured Notes due 2016	100,663	100,663
€300 million Senior Secured Notes due 2021	307,453	307,453
€450 million Senior Secured Notes due 2022	460,547	-
€250 million Senior Secured Notes due 2024	256,328	-
Senior Secured Floating Rate Notes		
€400 million Senior Secured Notes due 2021	400,631	400,943
Finance lease obligations	339,596	332,745
Bank Loan	-	8
3G Mobile Spectrum	53,279	60,679
Clientele fee > 20 years	76,618	70,644
	3,904,065	**3,007,242**
Less: deferred financing fees	(61,033)	(47,709)
	3,843,032	**2,959,533**
Less: current portion	(72,486)	(55,402)
Total non-current loans and borrowings	**3,770,546**	**2,904,131**

As of December 31, 2012 and 2011, all loans and borrowings were denominated in euros. Fixed interest rates applied to 52.20% of the total loans and borrowings (2011: 43.80%). The weighted average interest rates at December 31, 2012, were 6.33% on fixed rate loans (2011: 6.26%) and 3.69% on floating rate loans (2011: 4.74%).

5.12.1 Senior Credit Facility

On August 1, 2007 (the "Signing Date"), Telenet BidCo NV (the "Borrower"), a former indirect subsidiary of Telenet Group Holding NV, executed a new Senior Credit Facility agreement (the "Senior Credit Facility"). This Senior Credit Facility provided for a total amount of €2,300.0 million in Term Loans and revolving credit lines.

In 2009 and 2010, the Company amended and restructured the Senior Credit Facility (the "2010 Amended Senior Credit Facility"), resulting in extension of the average maturity of its term debt and improved economics. Subsequently, the net proceeds of the €500.0 million Senior Secured Notes due 2020 (see note 5.12.4) were partially used to redeem certain outstanding Term Loans.

5.12.2 2011 activity on the 2010 Amended Senior Credit Facility.

On February 28, 2011, Tranches K and L1 under the 2010 Amended Senior Credit Facility were repaid before maturity for an aggregate amount of €286.5 million, using the proceeds of the issuance in February 2011 of the €300.0 million Senior Secured Notes due 2021 (see Note 5.12.4). The remaining €80.0 million of Tranche K was extended and novated to Term Loan G. The unamortized deferred financing fees related to Term Loan K and L1 amounted to €5.3 million and were accounted for as loss on extinguishment of debt upon the early redemption.

On June 10, 2011, the Company further improved its debt maturity profile by novating €27.5 million from Term Loan J to Term Loan G.

Following the issuance in June 2011 of the €400.0 million Senior Secured Notes due 2021 (see Note 5.12.4), the Company launched a voluntary exchange process for Term Loan G under the 2010 Amended Senior Credit Facility. Existing lenders in Term Loan G were requested to exchange their existing participations and commitments in new Term Loans either with unchanged maturity at July 31, 2017 (Term Loan Q) or with an extended maturity of two years to July 31, 2019 (Term Loan R), in each case re-priced in line with current market conditions. Following the closing of the above mentioned exchange process in July 2011 in which €431.0 million and €798.6 million was exchanged to Term Loan Q, respectively Term Loan R, the entire proceeds of the €400.0 million Senior Secured Notes due 2021 was used to fully redeem the remaining part of the existing Term Loans G and J amounting to respectively €348.3 million and €51.8 million. At the same time, the availability of the Revolving Credit Facility was extended to December 31, 2016. The committed undrawn amount under the Revolving Credit Facility was revised to €158.0 million with an applicable floating interest rate of 2.75% over the EURIBOR rate. The unamortized deferred financing fees related to Term Loan G and J that were early redeemed amounted to €6.2 million and were accounted for as a loss on extinguishment of debt upon early redemption.

The voluntary exchange and re-pricing process, together with the redemption of shorter-term maturities, resulted in a further extension of the average maturity of the Company's 2010 Amended Senior Credit Facility to approximately 8 years.

The terms and conditions of the 2010 Amended Senior Credit Facility and the situation at December 31, 2011 can be summarized as follows:

(in thousands of euro)	**Total Facility as per**	**Drawn amount**	**Undrawn amount**	**Maturity Date**	**Interest rate**
		December 31, 2011			
2010 Amended Senior Credit Facility					
Term Loan Q	431,038	431,038	-	July 31, 2017	Floating - Euribor + 3.25%
Term Loan R	798,634	798,634	-	July 31, 2019	Floating - Euribor + 3.625%
Revolving Credit Facility	158,000	-	158,000	December 31, 2016	Floating - Euribor + 2.75%
Total notional amount	**1,387,672**	**1,229,672**	**158,000**		

5.12.3 2012 activity on the 2010 Amended Senior Credit Facility

On February 8, 2012, the Company announced the issuance of €175.0 million of additional debt, on a consolidated basis. To this end, Telenet International Finance S.à r.l., a wholly owned subsidiary of Telenet Group Holding NV and which acts as the group's financing subsidiary, issued a new floating rate Term Loan ("Facility T") under Telenet's 2010 Amended Senior Credit Facility with maturity December 31, 2018 at a 3.50% margin over Euribor. The Company used the net proceeds from this new debt issuance to buy a portion of the Q and R Facilities issued by Telenet International Finance S.à r.l. and held by BNP Paribas Bank N.V. and Fortis Bank SA/NV. Hence, on February 29, 2012, BNP Paribas Bank N.V. and Fortis Bank SA/NV, as existing Lenders, transferred their loans under the Q and R Facilities for an aggregate amount of €124.0 million to Telenet Luxembourg Finance Center S.à r.l., as new Lender, at nominal value. The credit facilities Q2 and R2 with the same terms and conditions as Facilities Q and R, amounting in aggregate to €124.0 million, have been drawn on August 31, 2012.

The terms and conditions of the 2010 Amended Senior Credit Facility at December 31, 2012 can be summarized as follows:

(in thousands of euro)	Total Facility as per	Drawn amount	Undrawn amount	Maturity Date	Interest rate
		December 31, 2012			
2010 Amended Senior Credit Facility					
Term Loan Q	431,038	431,038	-	July 31, 2017	Floating - Euribor + 3.25%
Term Loan R	798,634	798,634	-	July 31, 2019	Floating - Euribor + 3.625%
Term Loan T	175,000	175,000	-	December 31, 2018	Floating - Euribor + 3.50%
Revolving Credit Facility	158,000	-	158,000	December 31, 2016	Floating - Euribor + 2.75%
Total notional amount	**1,562,672**	**1,404,672**	**158,000**		

5.12.4 Senior Secured Notes

Issuance of €500.0 million Senior Secured Fixed Rate Notes due 2020

Telenet Finance Luxembourg S.C.A. (further referred to as "TFL") was incorporated on September 28, 2010 under the laws of the Grand Duchy of Luxembourg as a special purpose financing company for the primary purpose of facilitating the offering of Senior Secured Notes.

On October 28, 2010 TFL entered into a Global Note offering (the "Senior Secured Notes due 2020"). TFL was incorporated as a corporate partnership limited by shares and is 99.99% owned by a charitable trust and 0.01% by Telenet Finance Luxembourg S.à r.l., a company independent from the Telenet Group.

TFL is a special purpose entity for financing purposes (SPE), incorporated on specific request of the Company. Although the Company does not have any direct or indirect shareholdings in this entity, this SPE is considered to be controlled by the Company given the substance of its relationship. Therefore, TFL is included in the consolidated financial statements of the Company.

The proceeds from the issuance of the Senior Secured Notes due 2020 (being €500.0 million) were used by TFL to fund an additional facility under the 2010 Amended Senior Credit Facility, (the "Finco Loan" or "Facility M"), denominated in euro, borrowed by Telenet International Finance S.à r.l. ("TIF").

The Senior Secured Notes due 2020 were issued on October 28, 2010 and all cash was received on November 3, 2010. The Senior Secured Notes due 2020 have a principal value of €500.0 million and were issued at par. The interest rate on the Senior Secured Notes due

2020 amounts to 6.375% annually and accrued interest is paid semi-annually on May 15 and November 15 commencing May 15, 2011. The final maturity of these Senior Secured Notes is November 15, 2020.

The net proceeds from this offering were partially used to redeem the outstanding Term Loans H, I and L2 under the Company's 2010 Amended Senior Credit Facility before maturity for an aggregate €201.7 million.

Issuance of €100.0 million Senior Secured Fixed Rate Notes due 2016

Telenet Finance Luxembourg II S.A. (further referred to as "TFL II") was incorporated on October 28, 2010 under the laws of the Grand Duchy of Luxembourg as a special purpose financing company for the primary purpose of facilitating the offering of Senior Secured Notes.

On November 26, 2010 TFL II entered into a Global Note offering (the "Senior Secured Notes due 2016"). TFL II was incorporated as a limited liability company and is owned for 100.00% by a charitable trust.

TFL II is an SPE, incorporated on specific request of the Company. Although the Company does not have any direct or indirect shareholdings in this entity, this SPE is considered to be controlled by the Company given the substance of its relationship. Therefore, TFL II is included in the consolidated financial statements of the Company.

The proceeds from the issuance of the Senior Secured Notes due 2016 (being €100.0 million) were used by TFL II to fund an additional facility under the 2010 Amended Senior Credit Facility, (the "Proceeds Loan" or "Facility N"), denominated in euro, borrowed by Telenet International Finance S.à r.l. ("TIF").

The Senior Secured Notes due 2016 were issued on and the cash was received on November 26, 2010. These Senior Secured Notes due 2016 have a principal value of €100.0 million and were issued with a premium, at 101.75%. The interest rate on the Senior Secured Notes due 2016 amounts to 5.30% annually and accrued interest is paid semi-annually on May 15 and November 15 commencing May 15, 2011. The final maturity of these Senior Secured Notes is November 15, 2016.

The net proceeds from this offering have been primarily used for general corporate purposes, including distributions to the Company's direct and indirect shareholders,.

Issuance of €300.0 million Senior Secured Fixed Rate Notes due 2021

Telenet Finance III Luxembourg S.C.A. (further referred to as "TFL III") was incorporated on January 28, 2011 under the laws of the Grand Duchy of Luxembourg as a special purpose financing company for the primary purpose of facilitating the offering of Senior Secured Notes.

On February 9, 2011 TFL III entered into a Global Note offering (the "Senior Secured Notes due 2021"). TFL III was incorporated as a corporate partnership limited by shares and is owned for 99.99% by a charitable trust and 0.01% by Telenet Finance III Luxembourg S.à r.l., a company independent from the Telenet Group.

TFL III is an SPE, incorporated on specific request of the Company. Although the Company does not have any direct or indirect shareholdings in this entity, this SPE is considered to be controlled by the Company given the substance of its relationship. Therefore, TFL III is included in the consolidated financial statements of the Company.

The proceeds from the issuance of the Senior Secured Fixed Rate Notes due 2021 (being €300.0 million) were used by TFL III to fund an additional facility under the 2010 Amended Senior Credit Facility, (the "Finco Loan" or "Facility O"), denominated in euro, borrowed by Telenet International Finance S.à r.l. ("TIF").

The Senior Secured Fixed Rate Notes due 2021 were issued on February 9, 2011 and all cash was received on February 15, 2011. The Senior Secured Fixed Rate Notes due 2021 have a principal value of €300.0 million and were issued at par. The interest rate on the Senior Secured Fixed Rate Notes due 2021 amounts to 6.625% annually and accrued interest is paid semi-annually on February 15 and August 15 commencing August 15, 2011. The final maturity of these Senior Secured Fixed Rate Notes is February 15, 2021.

The net proceeds from this offering were partially used to redeem before maturity the outstanding Term Loans K and L1 under the Company's 2010 Amended Senior Credit Facility for an aggregate of €286.5 million. The unamortized deferred financing fees related to Term Loan K and L1 amounted to €5.3 million and were accounted for as a loss on extinguishment of debt upon early redemption at February 28, 2011.

Issuance of €400.0 million Senior Secured Floating Rate Notes due 2021

Telenet Finance IV Luxembourg S.C.A. (further referred to as "TFL IV") was incorporated on May 23, 2011 under the laws of the Grand Duchy of Luxembourg as a special purpose financing company for the primary purpose of facilitating the offering of Senior Secured Notes.

On June 8, 2011 TFL IV entered into a Global Note offering (the "Senior Secured Notes due 2021"). TFL IV was incorporated as a corporate partnership limited by shares and is owned for 99.99% by a charitable trust and 0.01% by Telenet Finance IV Luxembourg S.à r.l., a company independent from the Telenet Group.

TFL IV is an SPE, incorporated on specific request of the Company. Although the Company does not have any direct or indirect shareholdings in this entity, this SPE is considered to be controlled by the Company given the substance of its relationship. Therefore, TFL IV is included in the consolidated financial statements of the Company.

The proceeds from the issuance of the Senior Secured Floating Rate Notes due 2021 (being €400.0 million) were used by TFL IV to fund an additional facility under the 2010 Amended Senior Credit Facility, (the "Proceeds Loan" or "Facility P"), denominated in euro, borrowed by Telenet International Finance S.à r.l. ("TIF").

The Senior Secured Floating Rate Notes due 2021 were issued on June 8, 2011 and the cash was received on June 15, 2011. These Senior Secured Floating Rate Notes due 2021 have a principal value of €400.0 million and were issued at par. The interest rate on the Senior Secured Floating Rate Notes due 2021 is the 3M EURIBOR + 3.875% and accrued interest is paid quarterly on March 15, June 15, September 15 and December 15 commencing September 15, 2011. The final maturity of these Senior Secured Notes is June 15, 2021.

The net proceeds from this offering were used to redeem €400.1 million on the outstanding Term Loan G and J under the Company's 2010 Amended Senior Credit Facility.

Issuance of €450.0 million Senior Secured Fixed Rate Notes due 2022 and €250.0 million Senior Secured Fixed Rate Notes due 2024

Telenet Finance V Luxembourg S.C.A. (further referred to as "TFL V") was incorporated on November 16, 2011 under the laws of the Grand Duchy of Luxembourg as a special purpose financing company for the primary purpose of facilitating the offering of Senior Secured Notes.

On August 13, 2012 TFL V entered into two Global Note offerings (the "Senior Secured Notes due 2022" and the "Senior Secured Notes due 2024"). TFL V was incorporated as a corporate partnership limited by shares and is owned for 99.99% by a charitable trust and 0.01% by Telenet Finance V Luxembourg S.à r.l., a company independent from the Telenet Group.

TFL V is an SPE, incorporated on specific request of the Company. Although the Company does not have any direct or indirect shareholdings in this entity, this SPE is considered to be controlled by the Company given the substance of its relationship. Therefore, TFL V is included in the consolidated financial statements of the Company.

The proceeds from the issuance of the Senior Secured Fixed Rate Notes due 2022 (being €450.0 million) and the Senior Secured Fixed Rate Notes due 2024 (being €250.0 million) were used by TFL V to fund two additional facilities under the 2010 Amended Senior Credit Facility, (the "Finco Loan" or "Facilities U and V"), denominated in euro, borrowed by Telenet International Finance S.à r.l. ("TIF").

The Senior Secured Fixed Rate Notes due 2022 and 2024 were issued on August 13, 2012 and the cash was received on August 16, 2012. These Senior Secured Fixed Rate Notes due 2022 and 2024 have a principal value of €450.0 million and €250.0 million, respectively, and were issued at par.

The interest rate on the Senior Secured Fixed Rate Notes due 2022 is 6.25% annually and accrued interest is paid semi-annually on August 15 and February 15 commencing February 15, 2013. The final maturity of these Senior Secured Notes is August 15, 2022. The interest rate on the Senior Secured Fixed Rate Notes due 2024 is 6.75% annually and accrued interest is paid semi-annually on August 15 and February 15 commencing February 15, 2013. The final maturity of these Senior Secured Notes is August 15, 2024.

The net proceeds of this offering were envisioned to be used entirely to fund the proposed share repurchases under the Self Tender Offer (see Note 5.11.1). Due to the cancellation of the Self Tender Offer on September 20, 2012, the proceeds from this offering were still available as cash and cash equivalents as at December 31, 2012.

5.12.5 Repayment schedule

Aggregate future principal payments on the total borrowings under all of the Company's loans and borrowings other than finance leases as of December 31, 2012 are shown in the following table:

(in thousands of euro)	**Total Facility as per**	**Drawn amount**	**Undrawn amount**	**Maturity Date**	**Interest rate**	**Interest payments due**
	December 31, 2012					
2010 Amended Senior Credit Facility						
Term Loan Q	431,038	431,038	-	July 31, 2017	Floating - Euribor + 3.25%	Monthly
Term Loan R	798,634	798,634	-	July 31, 2019	Floating - Euribor + 3.625%	Monthly
Term Loan T	175,000	175,000	-	December 31, 2018	Floating - Euribor + 3.50%	Monthly
Revolving Credit Facility	158,000	-	158,000	December 31, 2016	Floating - Euribor + 2.75%	Not applicable
Senior Secured Fixed Rate Notes						
€500 million Senior Secured Notes due 2020	500,000	500,000	-	November 15, 2020	Fixed - 6.375%	Semi-annually (May and Nov.)
€100 million Senior Secured Notes due 2016	100,000	100,000	-	November 15, 2016	Fixed - 5.30%	Semi-annually (May and Nov.)
€300 million Senior Secured Notes due 2021	300,000	300,000	-	February 15, 2021	Fixed - 6.625%	Semi-annually (Feb. and Aug.)
€450 million Senior Secured Notes due 2022	450,000	450,000	-	August 15, 2022	Fixed - 6.25%	Semi-annually (Feb. and Aug.)
€250 million Senior Secured Notes due 2024	250,000	250,000	-	August 15, 2024	Fixed - 6.75%	Semi-annually (Feb. and Aug.)
Senior Secured Floating Rate Notes						
€400 million Senior Secured Notes due 2021	400,000	400,000	-	June 15, 2021	Floating - 3M Euribor+3.875%	Quarterly (March, June, Sep. and Dec.)
Total notional amount	**3,562,672**	**3,404,672**	**158,000**			

5.12.6 Guarantees and covenants

Telenet NV and Telenet International Finance S.à r.l. guarantee the obligations of each of Telenet NV and Telenet International Finance S.à r.l. under the Credit Agreement of August 1, 2007 (as last restated on October 4, 2010, the "2010 Amended Senior Credit Facility"), to the extent permitted by law.

In addition, security has been granted by all members of the Telenet group (except for C-CURE NV, Telenet Tecteo Bidco NV, T-VGAS NV, Telenet Mobile NV, Telenet Service Center NV, Telenet Solutions Luxembourg S.A., Finance Center Telenet S.à r.l. and Telenet Luxembourg Finance Center S.à r.l.) under the 2010 Amended Senior Credit Facility over substantially all their assets.

The above-mentioned security interests include:

- pledges of all shares of Telenet NV, Telenet Vlaanderen NV and Telenet International Finance S.à r.l.;
- mortgages of (i) €800 million granted by the former Telenet Operaties NV (succeeded by Telenet NV), (ii) €625 million granted by the former MixtICS NV (succeeded by Telenet NV), (iii) €625 million granted by Telenet Vlaanderen NV, and (iv) €50 million granted by the former Telenet Solutions NV (succeeded by Telenet NV); a portion of the mortgages have been granted in a non-joined (non-cumulative) manner with certain other mortgages and certain floating charges;

- non-exercised mortgage mandates of (i) €650 million granted by Telenet NV (formerly called Telenet BidCo NV), (ii) €450 million granted by the former Telenet Operaties NV (succeeded by Telenet NV), (iii) €450 million granted by the former MixtICS NV (succeeded by Telenet NV) and (iv) €450 million granted by Telenet Vlaanderen NV;
- floating charges (*pand op handelszaak*) of (i) €1.25 billion granted by the former Telenet Operaties NV (succeeded by Telenet NV), (ii) €135 million granted by Telenet NV, (iii) €250 million granted by Telenet NV (formerly called Telenet BidCo NV), (iv) €865 million granted by the former MixtICS NV (succeeded by Telenet NV), (v) €865 million granted by Telenet Vlaanderen NV, (vi) €75 million granted by the former PayTVCo NV (succeeded by Telenet NV) and (vii) €75 million granted by the former Telenet Solutions NV (succeeded by Telenet NV); a portion of the floating charges have been granted in a non-joined manner (non-cumulative) with certain other floating charges and certain mortgages;
- a non-exercised floating charge mandate of €865 million granted by Telenet NV, which is granted in a non-joined (non-cumulative) manner with the floating charges referred to in (i), (iv), (vi) and (vii) above;
- pledges of all present and future receivables owed to Telenet Group Holding NV, Telenet NV and Telenet Vlaanderen NV granted by the aforementioned companies;
- pledges of all present and future securities (other than shares in subsidiaries) held by Telenet NV and Telenet Vlaanderen NV granted by the aforementioned companies;
- pledges of all present and future intercompany receivables owed to Telenet International Finance S.à r.l. by Telenet NV and Telenet Luxembourg Finance Center S.à r.l., granted by Telenet International Finance S.à r.l.; and
- pledges on all present and future bank accounts of Telenet Group Holding NV, Telenet NV and Telenet Vlaanderen NV and all present and future bank accounts held with BGL BNP Paribas S.A. of Telenet International Finance S.à r.l.

The total executable principal amount under the mortgages and floating charges, taking into account non-cumulation within and between floating charges and mortgages, was €2,125,000,000 on December 31, 2012.

On February 6, 2013, Telenet International Finance S.à r.l. entered into three additional pledge agreements under the 2010 Amended Senior Credit Facility: (i) a pledge on all its present and future bank accounts (in addition to the pledge on its present and future bank accounts held with BGL BNP Paribas S.A. granted on October 4, 2010), (ii) a pledge on all present and future receivables owed to it by Finance Center Telenet S.à r.l., and (iii) a pledge over all present and future notes issued by Finance Center Telenet S.à r.l. and owned by Telenet International Finance S.à r.l.

As of December 31, 2012, the Company was in compliance with all of its financial covenants.

In respect of the obligations under the notes issued by Telenet Finance Luxembourg S.C.A., security has been granted to the trustee under the notes on behalf of itself and the holders of the notes over:

- all of the issued ordinary shares of Telenet Finance Luxembourg S.C.A.;
- all of the issued shares of Telenet Finance S.à r.l. (Telenet Finance Luxembourg S.C.A.'s general partner);
- all of Telenet Finance Luxembourg S.C.A.'s rights, title and interest under the 2010 Amended Senior Credit Facility, the intercreditor agreement dated October 10, 2007 and the additional facility M accession agreement pursuant to which Telenet Finance Luxembourg S.C.A. has become a lender under the 2010 Amended Senior Credit Facility;
- all of Telenet Finance Luxembourg S.C.A.'s rights, title and interest under the fee letter and the service agreement related to the notes issuance; and
- all sums of money held from time to time in Telenet Finance Luxembourg S.C.A.'s bank account.

Telenet International Finance S.à r.l.'s payment obligations under the fee letter and the service agreement are guaranteed by Telenet NV to Telenet Finance Luxembourg S.C.A.

In respect of the obligations under the notes issued by Telenet Finance Luxembourg II S.A., security has been granted to the trustee under the notes for the benefit of, among others, the noteholders:

- pledge over all of the issued shares of Telenet Finance Luxembourg II S.A.;
- assignment by way of security of all of Telenet Finance Luxembourg II S.A.'s rights, title and interest under the 2010 Amended Senior Credit Facility and the additional facility N accession agreement pursuant to which Telenet Finance Luxembourg II S.A. has become a lender under the 2010 Amended Senior Credit Facility;
- assignment by way of security of all of Telenet Finance Luxembourg II S.A.'s rights, title and interest under the fee letter and the service agreement related to the notes issuance; and
- assignment by way of security of all of Telenet Finance Luxembourg II S.A.'s rights, title and interest under the agency agreement in relation to the issuance.

Telenet International Finance S.à r.l.'s payment obligations under the fee letter and the service agreement are guaranteed by Telenet NV to Telenet Finance Luxembourg II S.A.

In respect of the obligations under the notes issued by Telenet Finance III Luxembourg S.C.A., security has been granted to the trustee under the notes on behalf of itself and the holders of the notes over:

- all of the issued ordinary shares of Telenet Finance III Luxembourg S.C.A.;
- all of the issued shares of Telenet Finance III S.à r.l. (Telenet Finance III Luxembourg S.C.A.'s general partner);

- all of Telenet Finance III Luxembourg S.C.A.'s rights, title and interest under the 2010 Amended Senior Credit Facility, the intercreditor agreement dated October 10, 2007 and the additional facility O accession agreement pursuant to which Telenet Finance III Luxembourg S.C.A. has become a lender under the 2010 Amended Senior Credit Facility;
- all of Telenet Finance III Luxembourg S.C.A.'s rights, title and interest under the fee letter and the service agreement related to the notes issuance; and
- all sums of money held from time to time in Telenet Finance III Luxembourg S.C.A.'s bank account.

Telenet International Finance S.à r.l.'s payment obligations under the fee letter and the service agreement are guaranteed by Telenet NV to Telenet Finance III Luxembourg S.C.A.

In respect of the obligations under the notes issued by Telenet Finance IV Luxembourg S.C.A., security has been granted to the trustee under the notes on behalf of itself and the holders of the notes over:

- all of the issued ordinary shares of Telenet Finance IV Luxembourg S.C.A.;
- all of the issued shares of Telenet Finance IV S.à r.l. (Telenet Finance IV Luxembourg S.C.A.'s general partner);
- all of Telenet Finance IV Luxembourg S.C.A.'s rights, title and interest under the 2010 Amended Senior Credit Facility, the intercreditor agreement dated October 10, 2007 and the additional facility P accession agreement pursuant to which Telenet Finance IV Luxembourg S.C.A. has become a lender under the 2010 Amended Senior Credit Facility;
- all of Telenet Finance IV Luxembourg S.C.A.'s rights, title and interest under the fee letter and the service agreement related to the notes issuance; and
- all sums of money held from time to time in Telenet Finance IV Luxembourg S.C.A.'s bank account.

Telenet International Finance S.à r.l.'s payment obligations under the fee letter and the service agreement are guaranteed by Telenet NV to Telenet Finance IV Luxembourg S.C.A.

In respect of the obligations under the notes issued by Telenet Finance V Luxembourg S.C.A., security has been granted to the trustee under the notes on behalf of itself and the holders of the notes over:

- all of the issued ordinary shares of Telenet Finance V Luxembourg S.C.A.;
- all of the issued shares of Telenet Finance V S.à r.l. (Telenet Finance V Luxembourg S.C.A.'s general partner);
- all of Telenet Finance V Luxembourg S.C.A.'s rights, title and interest under the 2010 Amended Senior Credit Facility, the intercreditor agreement dated October 10, 2007, the additional facility U accession agreement and the additional facility V accession agreement pursuant to which Telenet Finance V Luxembourg S.C.A. has become a lender under the 2010 Amended Senior Credit Facility;
- all of Telenet Finance V Luxembourg S.C.A.'s rights, title and interest under the fee letter and the service agreement related to the notes issuance; and
- all sums of money held from time to time in Telenet Finance V Luxembourg S.C.A.'s bank account.

Telenet International Finance S.à r.l.'s payment obligations under the fee letter and the service agreement are guaranteed by Telenet NV to Telenet Finance V Luxembourg S.C.A.

5.12.7 Finance lease obligations

Finance lease liabilities are payable as follows:

	Future minimum lease payments		Interest		Present value of future minimum lease payments	
(in thousands of euro)	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Within one year	49,669	45,526	19,800	19,185	29,869	26,341
In the second to fifth year, inclusive	192,405	183,194	64,379	64,761	128,026	118,433
Thereafter	216,488	226,566	40,104	43,419	176,384	183,147
Total minimum lease payments	**458,562**	**455,286**	**124,283**	**127,365**	**334,279**	**327,921**

The following table summarizes the obligations per type of finance leases:

	Future minimum lease payments		Interest		Present value of future minimum lease payments	
(in thousands of euro)	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Buildings	33,708	39,226	5,569	6,976	28,139	32,250
Canon	386,570	374,180	107,715	107,636	278,855	266,544
Norkring (Digital Terrestrial Television)	38,284	41,613	10,999	12,753	27,285	28,860
Other	-	267	-	-	-	267
Total minimum lease payments	**458,562**	**455,286**	**124,283**	**127,365**	**334,279**	**327,921**

Canon, Clientele and Annuity agreements

In 1996, the Company acquired the exclusive rights to offer point-to-point services including broadband internet and telephony services, as well as the rights to partly use the capacity of the broadband network owned and controlled by the Pure Intercommunales ("PICs"). In return for this access to a part of the PICs' network, the company paid the so-called Clientele and Annuity Fees. The present value of the Clientele and Annuity Fee payments over the first 20 years (being the life of the longest lived assets that are part of the HFC Upgrade) was initially accounted for as network user rights under intangible assets, and was amortized over 10 or 20 years depending on the useful life of the underlying assets that make up the HFC Upgrade.

Upon completion of the Interkabel acquisition in 2008, the company obtained the ownership and control over the entire network, including the obligation beyond 20 years under the original 50 year Clientele fee agreement and now has the right to use the full capacity of the PICs' network. The term of the Canon Lease Agreement is 38 years (of which still 34 years remained at the end of 2012). Under this agreement, the Company pays recurring Canon Fees which together with the Clientele and Annuity Fees grant full access to the PICs' network. The assets capitalized under the Canon Agreement are depreciated over a period of 15 years.

For the year ended December 31, 2012, the average effective borrowing rate for the three above mentioned fees was 6.63% (2011: 6.68%).

Norkring

On May 4, 2010, the Company signed an agreement with Norkring België NV concerning the use of capacity on the latter's broadcasting infrastructure network enabling Telenet to offer digital TV and radio services through Norkring's digital frequency channels in Flanders and Brussels. Generally, the Company's services are available through the cable network, however through this agreement, the Company would also be able to offer digital TV and radio services - beyond the traditional home - to secluded homes, caravans, holiday homes and cars.

The Norkring agreement provides a right to use Norkring's frequency channels contained in three of their multiplexers (MUX) on an exclusive and non-exclusive basis. This agreement contains a lease with respect to certain capacity for which the Company has obtained the exclusive rights, the so-called "MUX 1 capacity". Regarding this MUX 1 capacity, an intangible lease asset was recognized under "network user rights" for a net book value of €30.1 million at December 31, 2010 (see Note 5.6). The average effective borrowing rate for the Norkring fee was 6.23% (2011: 6,23%). Payments under the Norkring agreement not related to the "MUX 1 capacity" are accounted for as operating expenses as incurred.

Other leases

The Company leases certain assets under finance leases including buildings and certain vehicles with average lease terms of 20 and 5 years, respectively.

For the year ended December 31, 2012, the average effective borrowing rate was 3.62% (2011: 3.86%). All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The Company's obligations under finance leases are secured by the lessors' title to the leased assets.

5.12.8 3G and 2G mobile spectrum

Following an auction launched in March 2011 by the BIPT, Telenet Tecteo Bidco NV, a partnership between Telenet NV and the Walloon cable operator Tecteo SCRL, acquired the fourth 3G mobile spectrum license in Belgium (see Note 5.6). For the year ended December 31, 2012, the average effective borrowing rate for the 3G mobile spectrum was 4.25% (2011: 3.75%).

5.13 Derivative financial instruments

The Company has entered into various derivative instruments to manage interest rate and foreign currency exposure.

As of December 31, 2012 and 2011, the outstanding forward foreign exchange derivatives were as follows:

(in thousands of euro)	**December 31, 2012**	**December 31, 2011**
Forward Purchase Contracts		
Notional amount in US dollar	37,000	47,000
Weighted average strike price (US dollar per euro)	1,259	1,363
Maturity	from January to December 2013	from January to December 2012

As of December 31, 2012 and 2011, the outstanding interest rate derivatives were as follows:

(in thousands of euro)	**December 31, 2012**	**December 31, 2011**
Interest Rate Swaps		
Notional amount	2,275,000	2,145,000
Average pay interest rate	3.24%	3.57%
Average receive interest rate	EURIBOR 3M	EURIBOR 3M
Maturity	From 2015 to 2021	From 2012 to 2021
Basis Swaps		
Notional amount	150,000	1,000,000
Average pay interest rate	EURIBOR 3M	EURIBOR 3M
Average receive interest rate	EURIBOR 1M+0.30%	EURIBOR 1M+0.31%
Maturity	2013	From 2012 to 2013
Caps		
Notional amount	54,512	255,875
Average cap interest rate	4.62%	3.75%
Maturity	2017	From 2012 to 2017
Collars		
Notional amount	950,000	950,000
Average floor interest rate	2.00%	1.50%
Average cap interest rate	4.00%	4.00%
Maturity	2017	2017

The following tables provide details of the fair value of the Company's financial and derivative instrument assets (liabilities), net:

(in thousands of euro)	**December 31, 2012**	**December 31, 2011**
Current assets	-	1,988
Non-current assets	63	190
Current liabilities	(42,481)	(28,877)
Non-current liabilities	(164,636)	(94,093)
	(207,054)	**(120,792)**
Interest rate derivatives	(205,595)	(122,379)
Foreign exchange forwards	(1,402)	1,703
Embedded derivatives	(57)	(116)
	(207,054)	**(120,792)**

Realized and unrealized gains (losses) on financial and derivative instruments comprise the following amounts:

(in thousands of euro)	**December 31, 2012**	**December 31, 2011**
Interest rate derivatives	(83,217)	(63,849)
Own shares acquired	(721)	-
Foreign exchange forwards	(3,105)	1,427
Embedded derivatives	21	(251)
	(87,022)	**(62,673)**

5.13.1 Summary

The cumulative impact of all the derivative instruments has been allocated to earnings as follows:

(in thousands of euro)	Increase (decrease) in fair value	Increase (decrease) in operating profit & CAPEX	Cash received (paid)	Increase (decrease) in earnings
January 1, 2011	**(55,610)**	**89**	**(100,398)**	**(155,919)**
Change in fair value of interest rate derivatives, equity and forward contracts	(64,930)	-	-	(64,930)
Embedded derivatives at fair value through comprehensive income	(251)	-	-	(251)
Operating profit & CAPEX impact embedded derivatives	-	8	-	8
Cash received upon early termination CAPS & COLLARS	-	-	2,500	2,500
December 31, 2011	**(120,791)**	**97**	**(97,898)**	**(218,592)**

(in thousands of euro)	Increase (decrease) in fair value	Increase (decrease) in operating profit & CAPEX	Cash received (paid)	Increase (decrease) in earnings
January 1, 2012	**(120,791)**	**97**	**(97,898)**	**(218,592)**
Change in fair value of interest rate derivatives and forward contracts	(86,284)	-	-	(86,284)
Embedded derivatives at fair value through comprehensive income	21	-	-	21
Operating profit & CAPEX impact embedded derivatives	-	(38)	-	(38)
Own shares	(721)	-	-	(721)
December 31, 2012	**(207,775)**	**59**	**(97,898)**	**(305,614)**

5.13.2 Fair value

The carrying amounts and related estimated fair values of the Company's significant financial instruments were as follows:

(in thousands of euro)	December 31, 2012		December 31, 2011	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
2010 Amended Senior Credit Facility	(1,404,966)	(1,399,365)	(1,230,123)	(1,199,381)
Senior Secured Fixed Rate Notes	(1,628,975)	(1,737,100)	(912,100)	(877,789)
Senior Secured Floating Rate Notes	(400,631)	(400,631)	(400,943)	(386,943)
Finance Lease obligations	(339,596)	(301,550)	(332,745)	(301,839)
Clientele fee > 20 years	(76,618)	(69,342)	(70,644)	(63,524)
3G Mobile Spectrum	(53,279)	(43,568)	(60,679)	(48,801)
Other bank loans	-	-	(8)	(8)
Total loans and borrowings (including short-term maturities)	**(3,904,065)**	**(3,951,556)**	**(3,007,242)**	**(2,878,285)**
Foreign exchange forwards	(1,402)	(1,402)	1,703	1,703
Interest rate swaps	(141,640)	(141,640)	(91,190)	(91,190)
Caps	(159)	(159)	(87)	(87)
Collars	(63,796)	(63,796)	(31,102)	(31,102)
Embedded derivatives	(57)	(57)	(116)	(116)
Total derivative instruments	**(207,054)**	**(207,054)**	**(120,792)**	**(120,792)**
Total	**(4,111,119)**	**(4,158,610)**	**(3,128,034)**	**(2,999,077)**

The fair value of interest rate swaps and foreign exchange forwards are calculated by the Company based on interest rate futures and swap rates, taking into account the credit risk of both the Company and the respective counterparties to the instruments. Confirmations of the fair values received from the contractual counterparties, which are all commercial banks, are used to validate the internal calculations. The fair value of derivative instruments containing option-related features are determined by commercial banks and validated by management.

The fair values of Telenet's long-term debt instruments are derived as the lesser of either the call price of the relevant instrument or the market value as determined by quoted market prices at each measurement date, where available, or, where not available, at the present value of future cash flows discounted at rates consistent with debt securities that have comparable maturities, and similar credit risk at the measurement date.

The carrying amounts for financial assets classified as current assets and the carrying amounts for financial liabilities classified as current liabilities approximate fair value due to the short maturity of such instruments

Management has applied its judgment in using market data to develop estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that the Company would realize in a current market exchange.

5.14 Deferred taxes

Telenet Group Holding NV and its consolidated subsidiaries each file separate tax returns, except for Telenet International Finance S.à r.l. and Finance Center Telenet S.à r.l. which form a Luxembourg fiscal unity as from January 1, 2012, in accordance with applicable local tax laws. For financial reporting purposes, Telenet Group Holding NV and its subsidiaries calculate their respective tax assets and liabilities on a separate-return basis, except for the Luxembourg fiscal unity between Telenet International Finance S.à r.l. and Finance Center Telenet S.à r.l. These assets and liabilities are combined in the accompanying consolidated financial statements.

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax entity, is as follows:

(in thousands of euro)	January 1, 2012	(Charged) credited to the statement of comprehensive income	December 31, 2012
Deferred tax assets:			
Financial instruments	34,847	25,864	60,710
Lease obligation	11,240	(1,637)	9,603
Tax loss carry-forwards	42,506	(42,498)	8
Other	24,694	1,726	26,420
Total Deferred tax assets	**113,287**	**(16,545)** (1)	**96,742** (2)
Deferred tax liabilities:			
Financial instruments			
Property and equipment	(22,624)	(21,546)	(44,171)
Provisions	(15,309)	(11,455)	(26,764)
Pensions	(1,048)	(2,064)	(3,112)
Goodwill	(15,971)	(5,618)	(21,589)
Intangible assets	(48,175)	25,000	(23,175)
Investments	(49)	49	-
Receivables	(18,647)	9,241	(9,406)
Deferred Financing Fees	(6,741)	668	(6,073)
Other	(3,116)	(791)	(3,906)
Total Deferred tax liabilities	**(131,679)**	**(6,516)** (1)	**(138,195)** (2)

(in thousands of euro)	**Statement of comprehensive income(1)**	**Statement of financial position(2)**
Deferred tax assets	(16,545)	96,742
Deferred tax liabilities	(6,516)	(138,195)
	(23,061)	**(41,453)**
Statement of comprehensive income (see Note 5.22)		
Deferred tax (benefit) / expense	23,061	
Current tax expense	10,985	
	34,046	
Balance Sheet		
Deferred tax assets		42,303
Deferred tax liabilities		(83,756)
		(41,453)

As of December 31, 2012, Telenet Group Holding NV and its subsidiaries had available combined cumulative tax loss carry forwards of €233.9 million (2011: €291.8 million). Under current Belgian and Luxembourg tax laws, these loss carry forwards have an indefinite life and may be used to offset the future taxable income of Telenet Group Holding NV and its subsidiaries. Taxable profit is reduced by a notional interest deduction.

Deferred tax assets are recognized for tax loss carry forwards to the extent that the realization of the related tax benefit through the future taxable profits is probable.

Telenet did not recognize deferred tax assets of €69.3 million (2011: €56.0 million) in respect of losses amounting to €233.9 million (2011: €166.2 million) that can be carried forward against future taxable income because it is not considered more likely than not that these net deferred tax assets will be utilized in the foreseeable future.

5.15 Other liabilities

(in thousands of euro)	Note	December 31, 2012	December 31, 2011
Employee benefit obligations	5.16	6,360	7,146
Other personnel related obligations	5.3.4	1,322	3,474
Long service awards	5.16 - 5.3.4	6,054	4,652
Interkabel out of market opex		13,224	14,160
Asset retirement obligations		3,465	2,372
Liabilities regarding sports broadcasting rights	5.6 - 5.3.4	20,533	77,594
Other		5,783	6,200
Total Other liabilities		**56,741**	**115,598**

The acquisition by Telenet in 2011 of the Belgian football broadcasting rights (see Note 5.6) resulted in the recognition of liabilities totaling €155.1 million at the inception of the agreement. At December 31, 2012, the remaining non-current and current liabilities with respect to these broadcasting rights amounted to €15.5 million and €56.8 million (see Note 5.17), respectively (compared to €67.4 million and €53.6 million as per December 31, 2011).

The operational expenses charged to Telenet by Interkabel for the maintenance of its network are higher than the Company's benchmark expenses for similar operations and therefore includes an unfavorable out of market element. At the occasion of the Interkabel acquisition, this out of market element was valued. The underlying liability at December 31, 2012 amounted to €13.2 million (2011: €14.2 million).

5.16 Employee benefit plans

Assets and liabilities carried on the consolidated statement of financial position, related to the Company's benefit plans can be summarized as follows:

(in thousands of euro)	Note	December 31, 2012 Total employee benefit plans	December 31, 2012 of which Defined benefit pension plans	December 31, 2012 of which Other post retirement plans	December 31, 2011 Total employee benefit plans	December 31, 2011 of which Defined benefit pension plans	December 31, 2011 of which Other post retirement plans
			Note 5.16			Note 5.16	
Defined benefit pension plans		497	497	-	420	420	-
Other post-retirement plans		5,863	-	5,863	5,191	-	5,191
Other employee benefit plans		-	-	-	1,535	-	-
Total LT employee benefit obligations	5.15	**6,360**	**497**	**5,863**	**7,146**	**420**	**5,191**
Total LT service awards	5.15	**6,054**	**-**	**-**	**4,652**	**-**	**-**
Total ST service awards		**501**	**-**	**-**	**438**	**-**	**-**
Defined benefit pension plans		(3,156)	(3,156)	-	(3,082)	(3,082)	-
Defined contribution plans		-	-	-	-	-	-
Total LT asset related to funding of employee benefit obligations	5.8.1	**(3,156)**	**(3,156)**	**-**	**(3,082)**	**(3,082)**	**-**
Total employee benefit plans liability/(asset)		**9,759**	**(2,659)**	**5,863**	**9,154**	**(2,662)**	**5,191**

Defined contribution plans

Total employer contributions to the defined contribution plan for 2012 amounted to €2.8 million (2011: €2.7 million).

The majority of Telenet's employees participate in defined contribution plans funded through a pension fund. The accumulated assets in the pension fund amounted to €39.3 million at December 31, 2012 (2011: €32.1 million).

By law, those plans provide an average minimum guaranteed rate of return over the employee's career equal to 3.75% on employee contributions and 3.25% on employer contributions paid as from January 1, 2004 onwards. Since the benefit obligations taking into account the minimum guaranteed rate of return were entirely covered by plan assets and there were no recoverable contributions, no amounts were recognized in the statement of financial position at December 31, 2012 and 2011.

Long service awards

The Company has also recognized a liability of €6.1 million at December 31, 2012 (2011: €4.7 million) for long service awards, which have the form of jubilee benefits.

Defined benefit pension plans and other post-retirement plans

Former Electrabel (ICS) employees as well as some other employees are covered by defined benefit pension plans, which provide benefits based on the employees' final salaries and the years of service.

The defined benefit pension plans are financed through insurance contracts, which provide a guaranteed rate of return. The plan assets do not include any shares issued by Telenet or property occupied by Telenet.

Telenet also provides post-retirement health care benefits to former Electrabel (ICS) employees. These obligations are financed directly by the Company.

The amounts recognized in the statement of financial position with respect to the defined benefit plans are as follows:

	Defined Benefit Pension Plans		Other post-retirement plans	
(in thousands of euro)	**December 31, 2012**	**December 31, 2011**	**December 31, 2012**	**December 31, 2011**
Present value of funded obligations	13,819	12,018	-	-
Fair value of plan assets	(11,549)	(10,093)	-	-
	2,270	**1,925**	**-**	**-**
Present value of unfunded obligations	-	-	10,090	7,842
Unrecognised net actuarial gain/(loss)	(4,929)	(4,587)	(4,227)	(2,651)
Net (asset) liability	**(2,659)**	**(2,662)**	**5,863**	**5,191**

The amounts recognized in the statement of comprehensive income are as follows:

	Defined Benefit Pension Plans		Other post-retirement plans	
(in thousands of euro)	**December 31, 2012**	**December 31, 2011**	**December 31, 2012**	**December 31, 2011**
Service cost	1,349	1,504	309	355
Interest cost	522	555	336	343
Expected return on plan assets	(472)	(414)	-	-
Actuarial losses recognised in the year	165	314	91	150
Total	**1,564**	**1,959**	**736**	**848**

Changes in the present value of the defined benefit obligation are as follows:

	Defined Benefit Pension Plans		Other post-retirement plans	
(in thousands of euro)	**December 31, 2012**	**December 31, 2011**	**December 31, 2012**	**December 31, 2011**
Opening defined benefit obligation	12,018	10,951	7,842	5,634
Service cost	1,349	1,504	309	355
Interest cost	522	555	336	343
Plan participants contributions	55	47	-	-
Actuarial loss (gain)	319	84	1,667	1,573
Benefits paid	(444)	(1,123)	(64)	(63)
Closing defined benefit obligation	**13,819**	**12,018**	**10,090**	**7,842**

Changes in the fair value of plan assets are as follows:

	Defined Benefit Pension Plans		Other post-retirement plans	
(in thousands of euro)	**December 31, 2012**	**December 31, 2011**	**December 31, 2012**	**December 31, 2011**
Opening fair value of plan assets	10,093	10,073	-	-
Expected return on plan assets	472	414	-	-
Company contributions	1,561	2,093	64	63
Plan participants contributions	55	47	-	-
Actuarial (loss) gain	(188)	(1,411)	-	-
Benefits paid	(444)	(1,123)	(64)	(63)
Closing fair value of plan assets	**11,549**	**10,093**	**-**	**-**

The actual return on plan assets for the plans shown was €0.3 million (2011: €(1.0) million).

A 1% change in the assumed medical cost increase would have the following effects on:

(in thousands of euro)	**1% increase**	**1% decrease**
a) aggregate amount of service cost and interest cost	165	(123)
b) defined benefit obligation	2,215	(1,703)

The experience adjustments for the current and previous four annual periods amount to:

(in thousands of euro)	**2012**	**2011**	**2010**	**2009**	**2008**
Defined benefit obligation	23,909	19,860	16,585	14,436	14,708
Fair value of plan assets	11,549	10,093	10,073	8,856	5,303
Deficit	12,360	9,767	6,512	5,580	9,405
Experience adjustments on plan liabilities	(361)	1,352	(1,348)	(945)	590
Experience adjustments on plan assets	(188)	(1,411)	(1,054)	(678)	(265)

The principal assumptions used for the purpose of the actuarial valuations are as follows:

	Defined Benefit Pension Plans		Other post-retirement plans	
	2012	**2011**	**2012**	**2011**
Discount rate at December 31	3.00%	4.50%	3.00%	4.50%
Rate of compensation increase	3.07%	3.07%	-	-
Expected return on plan assets	4.50%	4.50%	-	-
Underlying inflation rate	2.00%	2.00%	2.00%	2.00%
Increase of medical benefits	-	-	4.00%	4.00%
Mortality tables	MR/FR-3	MR/FR-3	MR/FR-3	MR/FR-3

The expected rate of return reflects the guaranteed interest rates under the insurance contracts and expected insurance dividends.

The contributions towards defined benefit plans for 2013 are estimated at €1.6 million.

The amendments to IAS 19, which will become effective as from January 1, 2013 and which have not been early adopted by the company, change the accounting for defined benefit plans and termination benefits. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognized immediately through other comprehensive income.

The amendments to IAS 19 require retrospective application. Based on the Company's preliminary assessment, when the Company applies the amendments to IAS 19 for the first time as from January 1, 2013, equity as at January 1, 2012 will decrease by €7.5 million, other comprehensive income for 2012 will decrease by €2.2 million resulting in equity which will decrease by €9.7 million as at December 31, 2012 with corresponding adjustments to the retirement benefit obligation and income taxes.

5.17 Accrued expenses and other current liabilities

(in thousands of euro)	Note	**December 31, 2012**	**December 31, 2011**
Customer deposits	5.3.4	23,264	22,958
Compensation and employee benefits	5.3.4	52,569	48,653
VAT and withholding taxes		38,693	15,616
Copyright fees	5.3.4	-	787
Dividend payable to shareholders	5.3.4	1,685	667
Current portion of "Interkabel out of market component" liability		936	727
Accrued programming fees	5.3.4	49,237	41,790
Accrued capital expenditure	5.3.4	18,597	18,517
Accrued other liabilities - invoices to receive regarding:	5.3.4		
Goods received and services performed	5.3.4	27,044	32,221
Professional fees	5.3.4	20,315	16,954
Warehouse items received	5.3.4	10,638	13,868
Interconnect	5.3.4	21,888	13,435
Advertising, marketing and public relations	5.3.4	15,914	13,247
Infrastructure	5.3.4	8,365	7,383
Other	5.3.4	23,852	24,385
Accrued interest on derivatives	5.3.4	4,855	1,390
Liabilities regarding capital transactions with equity participants	5.3.4	-	3,563
Liabilities regarding sports broadcasting rights	5.6 - 5.3.4	61,810	43,049
Other current liabilities	5.3.4	708	570
Total Accrued expenses and other current liabilities		**380,370**	**319,780**

5.18 Revenue

The Company's revenue is comprised of the following:

For the years ended December 31, (in thousands of euro)	2012	2011
Cable television:		
Basic Subscribers [1]	319,690	317,853
Premium Subscribers [1]	227,726	189,144
Residential:		
Internet	453,805	441,674
Telephony [2]	333,426	279,334
Distributors/Other	62,353	57,509
Business	91,773	90,739
Total Revenue	**1,488,773**	**1,376,253**

The Company also has deferred revenue as follows:

(in thousands of euro)	December 31, 2012	December 31, 2011
Cable television:		
Basic Subscribers [1]	34,031	47,492
Premium Subscribers [1]	2,524	4,662
Residential:		
Internet	11,481	12,504
Telephony [2]	9,997	4,491
Distributors/Other	24,568	20,395
Business	1,528	1,627
Total Deferred Revenue	**84,129**	**91,171**
Current portion	81,563	86,791
Non-current portion	2,566	4,380

Deferred revenue is generally fees prepaid by the customers and, as discussed in Note 5.2.9 to the consolidated financial statements of the Company, is recognized in the statement of comprehensive income on a straight-line basis over the related service period.

1 Basic and premium cable television substantially comprises residential customers, but also includes a small portion of business customers.
2 Residential telephony revenue includes the recurring subscription-based revenue from both fixed and mobile telephony subscribers as well as the interconnection revenue generated by these customers.

5.19 Expenses by nature

For the years ended December 31, (in thousands of euro)	Note	2012	2011
Employee benefits:			
Wages, salaries, commissions and social security costs		124,532	123,180
Other employee benefit costs		18,246	21,186
		142,778	**144,366**
Depreciation and impairment	5.4	259,062	259,019
Amortization	5.6	79,936	70,753
Amortization of broadcasting rights	5.6	39,595	22,991
Impairment loss on other intangible assets		-	28,464
Losses on disposal of property and equipment and other intangible assets		1,705	2,065
Network operating and service costs		445,469	395,443
Advertising, sales and marketing		74,211	60,791
Share-based payments granted to directors and employees		6,943	13,005
Operating charges related to acquisitions or divestitures		888	724
Other costs		48,544	52,284
Restructuring charges		-	157
Total costs and expenses		**1,099,131**	**1,050,062**

The number of full-time equivalents employed by the Company at December 31, 2012 was 2,141 (2011: 2,093).

5.20 Finance income / expense

For the years ended December 31, (in thousands of euro)	2012	2011
Recognized in the statement of comprehensive income		
Finance income		
Interest income on bank deposits and commercial paper	2,913	6,586
Interest income on receivables	1,628	1,018
Net foreign exchange gain	2,039	204
	6,580	**7,808**
Finance expense		
Interest expense, net		
Interest expense on financial liabilities measured at amortized cost, and other finance expense	(193,553)	(177,924)
Net interest expense on derivatives at fair value through statement of comprehensive income	(41,943)	(21,931)
Amortization of financing cost	(6,380)	(5,977)
	(241,876)	**(205,832)**
Net loss on derivative financial instruments	(87,022)	(62,673)
Loss on extinguishment of debt	-	(11,392)
	(328,898)	**(279,897)**
Net finance expenses	**(322,318)**	**(272,089)**

5.21 Equity accounted investees

The Group's share in the net result of its equity accounted investees for the year ended December 31, 2012 was €0.0 million (loss) (2011: €0.4 million (loss)).

In 2012 and 2011 the Group did not receive dividends from any of its investments in equity accounted investees.

The net loss of the equity accounted investees can be summarized as follows:

(in thousands of euro)	Ownership	Total net result	Group's share in the total net result
2012			
Pebble Media NV	33.33%	116	39
Doccle CVBA	33.33%	(82)	(27)
Doccle.Up NV	33.33%	(174)	(58)
Thalys	20.00%	-	3
Total share of the loss of equity accounted investees		**(140)**	**(43)**
2011			
Pebble Media NV	33.33%	(80)	(27)
Thalys	20.00%	(1,215)	(334)
Total share of the loss of equity accounted investees		**(1,295)**	**(361)**

5.21.1 Pebble Media NV

On January 22, 2009, Telenet NV invested in the equity of a new company, Pebble Media NV, together with Vlaamse Audiovisuele Regie (VAR) NV and Concentra Media NV. Telenet NV holds 33.33% of the voting and dividend rights in this venture. Telenet's share in the capital of Pebble Media NV amounts to €0.7 million. This joint-venture is active in intermediation services for the sale of online advertising space and also offers certain ancillary online advertising services.

Pebble Media NV is treated as an associate and as a result is accounted for using the equity method.

Summarized financial information regarding assets, liabilities and revenue of Pebble Media NV that has been used to account for the Company's share in the net result is detailed in the table below. The amounts mentioned are not adjusted for the percentage ownership held by the Company.

Pebble Media		
(in thousands of euro)	December 31, 2012	December 31, 2011
Current assets	3,654	4,454
Non-current assets	56	40
Total assets	**3,710**	**4,494**
Current liabilities	3,058	3,939
Equity	652	555
Total liabilities	**3,710**	**4,494**
For the years ended December 31, (in thousands of euro)	2012	2011
Revenue	9,036	9,082
	9,036	**9,082**

5.21.2 Doccle CVBA and Doccle.Up NV

On May 31, 2012, Telenet NV invested in the equity of two new companies, Doccle CVBA and Doccle.Up NV, together with Acerta CVBA and Nationaal Hulpfonds VZW. Acerta CVBA is a HR service group specialized in advice, informatization and streamlining of administrative processes related to payroll administration, social security, professionalization of companies' HR policies etc. Nationaal Hulpfonds VZW is an association related to the Landsbond der Christelijke Mutualiteiten.

Telenet NV holds 33.33% of the voting and dividend rights in each of the two entities. Telenet's share in the capital of Doccle CVBA and Doccle.Up NV amounts to respectively €0.1 million and €0.2 million. These joint-ventures intend to bundle the activities with respect to the development, operation and exploitation of an electronic platform for creating, managing, sending and archiving digital documents and data. Doccle CVBA and Doccle.Up NV are treated as associates and as a result are accounted for using the equity method. As of December 31, 2012, the companies are still in development mode and they will become operational with a launch of the platform in the course of the first half of 2013.

Summarized financial information regarding assets, liabilities and revenue of Doccle CVBA and Doccle.Up NV that has been used to account for the Company's share in the net result is detailed in the table below. The amounts mentioned are not adjusted for the percentage ownership held by the Company.

Doccle CVBA

(in thousands of euro)	**December 31, 2012**	**December 31, 2011**
Current assets	277	-
Non-current assets	-	-
Total assets	**277**	**-**
Current liabilities	76	-
Non-current liabilities	-	-
Equity	201	-
Total liabilities	**277**	**-**

Doccle.Up NV

(in thousands of euro)	**December 31, 2012**	**December 31, 2011**
Current assets	145	-
Non-current assets	343	-
Total assets	**488**	**-**
Current liabilities	53	-
Non-current liabilities	-	-
Equity	435	-
Total liabilities	**488**	**-**

5.21.3 Thalys consortium

In 2007, Siemens Networks NV, 21NET Ltd and Telenet NV formed a consortium under the form of an *Association Momentanée/Tijdelijke Vereniging* under Belgian law to provide wireless broadband internet access on certain international high speed trains across European borders. The consortium did not meet the definition of joint control and thus was determined to be an associate. As a result, the Company's share in the result of the consortium has always been accounted for using the equity method.

The term of the agreement between Thalys and the above mentioned consortium was four years and ended in the course of the fourth quarter of 2011. Final settlement of Telenet's share in the result of the 'Thalys' consortium amounted to €0.2 million and was accounted for as a liability at December 31, 2011.

5.22 Income tax expense

For the years ended December 31, (in thousands of euro)	2012	2011
Current tax expense	10,985	4,164
Deferred tax expense (Note 5.14)	23,061	32,753
Income tax expense	**34,046**	**36,918**

The tax on the Company's profit (loss) before tax differs from the theoretical amount that would arise using the Belgian statutory tax rate applicable to profits (losses) of the consolidated companies as follows:

For the years ended December 31, (in thousands of euro)	2012	2011
Profit before tax	67,281	53,741
Income tax expense at the Belgian statutory rate of 33.99%	22,869	18,267
Expenses not deductible for tax purposes	4,743	6,545
Benefit of the investment deduction	(5,069)	(4,610)
Notional interest deduction	-	(925)
Adjustments recognized in the current year in relation to the filings for prior years	389	40
Impact of different tax rates	2,537	1,859
Utilisation of previously unrecognized tax losses	(5,484)	(136)
Tax losses and temporary differences for which no deferred tax asset was recognized	14,061	16,018
Other	-	(140)
Tax expense for the year	**34,046**	**36,918**

5.23 Earnings per share

5.23.1 Basic

The earnings and weighted average number of shares used in calculating basic earnings per share are:

For the years ended December 31, (in thousands of euro, except share and per share data)	2012	2011
Net profit attributable to the equity holders of the Company	33,228	16,829
Weighted average number of ordinary shares	113,036,711	112,952,552
Weighted average number of Class B Profit Certificates	-	6,806
Weighted average number of shares used in the calculation of basic earnings per share	**113,036,711**	**112,959,358**
Basic earnings per share in €	0.29	0.15

5.23.2 Diluted

Diluted earnings per share are calculated by using the treasury stock method by adjusting the weighted average number of shares used in the calculation of basic earnings per share to assume full conversion of all dilutive potential ordinary shares. During the year ended December 31, 2012, the Company had thirteen categories of dilutive potential ordinary shares:

- Class A Options
- Warrant Plan 2007
- Warrant Plan 2007 bis
- Warrant Plan 2007 ter
- Warrant Plan 2007 quater
- Warrant Plan 2007 quinquies
- Warrant Plan 2007 sexies
- Warrant Plan 2007 septies
- Warrant Plan 2008
- Warrant Plan 2009
- Warrant Plan 2010 primo
- Warrant Plan 2010 bis
- Warrant Plan 2010 ter

During the year ended December 31, 2011, the Company had fourteen categories of dilutive potential ordinary shares:

- Class A Options
- Class B Options
- Warrant Plan 2007
- Warrant Plan 2007 bis
- Warrant Plan 2007 ter
- Warrant Plan 2007 quater
- Warrant Plan 2007 quinquies
- Warrant Plan 2007 sexies
- Warrant Plan 2007 septies
- Warrant Plan 2008
- Warrant Plan 2009
- Warrant Plan 2010 primo
- Warrant Plan 2010 bis
- Warrant Plan 2010 ter

The earnings used in the calculation of diluted earnings per share measures are the same as those for the basic earnings per share measures, as outlined above.

For the years ended December 31, (in thousands of euro, except share and per share data)	**2012**	**2011**
Weighted average number of shares used in the calculation of basic earnings per share	**113,036,711**	**112,959,358**
Adjustment for:		
Class A Options	96,244	277,350
Class B Options	-	2,745
Warrant Plan 2007 Warrants	9,760	16,724
Warrant Plan 2007 bis Warrants	256,517	432,332
Warrant Plan 2008 Warrants	289,562	229,776
Warrant Plan 2007 ter Warrants	14,850	22,149
Warrant Plan 2007 quater Warrants	600,788	611,581
Warrant Plan 2009 Warrants	172,811	137,803
Warrant Plan 2007 quinquies Warrants	118,540	85,383
Warrant Plan 2007 sexies Warrants	39,845	40,654
Warrant Plan 2007 septies Warrants	76,128	39,862
Warrant Plan 2010 primo Warrants	352,774	202,827
Warrant Plan 2010 bis Warrants	13,294	3,778
Warrant Plan 2010 ter Warrants	20,089	-
Employee Share Purchase Plan	-	12,492
Weighted average number of shares used in the calculation of diluted earnings per share	**115,097,913**	**115,074,813**
Diluted earnings per share in €	0.29	0.15

5.24 Acquisitions of subsidiaries

No acquisition of subsidiaries have occurred in the course of 2012 and 2011.

5.25 Non cash investing and financing transactions

For the years ended December 31, (in thousands of euro)	**2012**	**2011**
Acquisition of property and equipment in exchange for finance lease obligations	34,598	24,856
Acquisition of sports broadcasting rights in exchange for investing obligations	4,227	168,840
Acquisition of 3G mobile spectrum in exchange for finance obligations	-	71,525

5.26 Commitments and contingencies

5.26.1 Pending litigations

Litigation concerning the agreement-in-principle concluded between Telenet and the PICs, Interkabel and INDI

Telenet has been involved in various litigations concerning the PICs Agreement and the non-binding agreement-in-principle preceding the PICs Agreement. Beginning in December 2007, Belgacom NV/SA (Belgacom), the incumbent telecommunications operator in Belgium, instituted several proceedings seeking to block implementation of these agreements.

Belgacom lodged summary proceedings with the President of the Court of First Instance of Antwerp to obtain a provisional injunction preventing the PICs from effecting the agreement-in-principle on the basis that the PICs should have organized a tendering procedure or public market consultation before entering into the agreement-in-principle, and that the failure to organize such a consultation violates the equality, non-discrimination and transparency principles. In March 2008, the President of the Court of First Instance of Antwerp ruled in favor of Belgacom in the summary proceedings, which ruling was overturned by the Court of Appeal of Antwerp in June 2008. Belgacom brought this appeal judgment before the Cour de Cassation (the Belgian Supreme Court), which confirmed the appeal judgment in September 2010.

Belgacom further initiated a civil procedure on the merits claiming the annulment of the agreement-in-principle (and any agreement entered into in connection therewith) and the compensation for damages incurred by it since September 2008 in case the agreement-in-principle is rescinded. Again, Belgacom founded its claim on the basis that the PICs should have organized a tendering procedure or public market consultation and on the violation of the equality, non-discrimination and transparency principles. On April 6, 2009, the Court of First Instance of Antwerp ruled in favor of the PICs and Telenet, dismissing Belgacom's request for the rescission of the agreement-in-principle and the PICs Agreement. On June 12, 2009, Belgacom appealed this judgment with the Court of Appeal of Antwerp. In this appeal, Belgacom is also seeking compensation for damages should the PICs Agreement not be rescinded. However, the claim for compensation has not yet been quantified. At the introductory hearing, which was held on September 8, 2009, the proceedings on appeal were postponed indefinitely at the request of Belgacom.

In parallel with the above proceedings, Belgacom filed a complaint with the Government Commissioner seeking suspension of the approval by the PICs' board of directors of the agreement-in-principle and initiated suspension and annulment procedures before the Belgian Council of State against these approvals and subsequently against the board resolutions of the PICs approving the PICs Agreement. In this complaint, Belgacom's primary argument was that the PICs should have organized a public market consultation before entering into the agreement-in-principle and the PICs Agreement. Belgacom's efforts to suspend approval of these agreements were unsuccessful. In the annulment cases, the Council of State decided on May 2, 2012 to refer a number of questions of interpretation under EU law for preliminary ruling to the European Court of Justice (ECJ) in particular (i) whether a transparency obligation applies for the entry into an agreement by a Belgian authority with a Belgian undertaking even if such agreement falls outside the scope of public tender rules and (ii) whether the existence of a larger contractual framework between parties may justify an exception to the application of equality, non-discrimination and transparency rules in respect of the entry into such an agreement. A ruling by the ECJ should not be expected before the end of 2013. Following the ECJ's ruling, the annulment cases will be resumed with the Council of State. The Council of State will be required to follow the interpretation given by the ECJ to the points of EU law in its preliminary ruling.

It is possible that Belgacom or another third party or public authority will initiate further legal proceedings, based on similar or different grounds, in an attempt to block the integration of the PICs' analog and digital television activities or obtain the rescission of the PICs Agreement. No assurance can be given as to the outcome of these or other proceedings. However, an unfavorable outcome of existing or future proceedings could potentially lead to the rescission of the PICs Agreement and/or to an obligation for Telenet to pay compensation for damages, subject to the relevant provisions of the PICs Agreement, which stipulate that Telenet is only responsible for damages in excess of €20.0 million. In light of the fact that Belgacom has not quantified the amount of damages that it is seeking and Telenet has no basis for assessing the amount of losses Telenet would incur in the unlikely event that the PICs Agreement were to be rescinded, Telenet cannot provide a reasonable estimate of the range of loss that would be incurred in the event the ultimate resolution of this matter were to be unfavorable to Telenet. However, Telenet does not expect the ultimate resolution of this matter to have a material impact on its results of operations or financial condition.

Interconnection Litigation

Telenet has been involved in regulatory and court proceedings with Belgacom in relation to the increased interconnection fees that it began charging telephone operators to terminate calls made to receivers on the Combined Network in August 2002. Traditionally, interconnection fees between fixed-line telephony operators (including Belgacom) had been charged on a reciprocal basis, whereby the interconnection termination rates that Belgacom charged Telenet were the same as the interconnection termination rates Telenet charged Belgacom.

This fee arrangement made it difficult for Telenet to provide telephony services at a profitable level, because it did not have the benefit of the comparable economies of scale to be able to achieve the same unit cost as Belgacom. Telenet requested permission from the BIPT to increase its domestic and international interconnection rates. On August 12, 2002, Belgacom increased the retail tariffs that it charges its telephony subscribers calling Telenet numbers to reflect Telenet's increased termination rates. In a series of rulings in June and August of 2002, the BIPT approved, under protest of Belgacom, Telenet's request to increase the rates it charges other telephone operators to terminate domestic calls on the Combined Network. Telenet raised its interconnection termination rates for inbound domestic calls on August 13, 2002, from €0.009 to €0.0475 and Belgacom appealed the BIPT's decision to the Belgian Council of State.

On July 3, 2002, the Belgian Council of State rejected an emergency request from Belgacom to suspend the implementation of the increased interconnection termination rate but agreed to hear the case on the merits (not in summary proceedings). Belgacom also filed, in 2007, a compensation claim of €75 million for undue payments and damages of €1 million before the Court of First Instance (Rechtbank van Eerste Aanleg/Tribunal de première instance) in Brussels. On April 8, 2011, the Belgian Council of State rendered a judgment on the merits annulling the BIPT decision that allowed Telenet to apply non-reciprocal interconnection tariffs. The judgment found that the BIPT decision was not adequately motivated. It confirmed, however, Belgacom's obligation to accept reasonable interconnection requests and BIPT's competence to enforce this obligation. If Belgacom successfully pursue a claim on this basis, it is possible that Telenet would be required to refund the excess amounts that it has collected since August 2002, which would result in a substantial liability. Separately, Belgacom challenged the higher rates before the Commercial Court of Mechelen, alleging that the new rates constituted abusive pricing and requesting Telenet to cease and desist such pricing. The court found no indication that Telenet's interconnection rates breached the unfair trade practices law, competition law or pricing regulations as alleged by Belgacom. The court decided that the only potential claim of Belgacom was limited to a contractual claim on the basis of the interconnection agreement prevailing at that time, making the Commercial Court of Mechelen not competent to rule over this claim. As a result, the court dismissed the claim. The Court of Appeal of Antwerp rejected Belgacom's appeal of this decision on March 17, 2005.

In February 2006, Belgacom brought the case before the Belgian Supreme Court which annulled the decision of the Court of Appeal of Antwerp on May 29, 2009 for lack of motivation and referred the case to the Court of Appeal of Gent. Independent legal advice obtained by Telenet has concluded that the probability of a retroactive claim is remote. Moreover, a new article has been included into the 2005 Electronic Communications Law, allowing the BIPT to repair annulled BIPT decisions retroactively.

Following the transposition of the EU Regulatory Framework into Belgian law, the BIPT decided to implement a three-year gliding path to near reciprocity starting on January 1, 2007. From January 1, 2009 to March 31, 2012, Telenet was allowed to charge to Belgacom the Belgacom termination charge to Telenet plus 15%. As of April 1, 2012, this 15% surcharge has been cancelled by BIPT decision, thus reaching full reciprocity on the Belgian fixed telephony market. In October 2006, Belgacom submitted an appeal to the Court of Appeal of Brussels arguing for a faster reduction in Telenet's interconnection rates. Telenet has also launched an appeal with the Court of Appeal of Brussels arguing that the reduction in its interconnection rates should be cost oriented.

Copyright Litigations

The Belgian Radio and Television Distributors Association (Beroepsvereniging voor Radio- en Televisiedistributie / Union professionnelle de radio et de télédistribution) (the "RTD", renamed afterwards to "Cable Belgium") has been involved in discussions with various copyrights collecting agencies regarding the fees to be paid to the latter for the broadcasting of various television programs since 1994. In November 2002, the RTD, together with certain Belgian cable operators (among which Telenet), began reaching settlements with the copyright collecting agencies and broadcasters. Pursuant to those settlement agreements, to which Telenet acceded, Telenet agreed to make certain upfront payments as well as to make increased payments over time. Consequently, in August 2003, Telenet increased the copyright fee it charges its subscribers.

In 2006, Telenet started a judicial procedure against a number of collection agencies. This procedure is related to a discussion between Telenet and these collection agencies about the payment —by Telenet— of fees for copyrights and neighboring rights in case of (i) simulcast, (ii) direct injection and (iii) all rights included contracts.

In July 2004, the Association for the Collection, Distribution and Protection of the Rights of the Artists, Interpreters and Performers (CVBA Vereniging voor de inning, repartitie en de verdediging van de vertolkende en uitvoerende kunstenaars) ("Uradex") filed a claim against the RTD for €55 million plus interest concerning neighboring rights owed by the members of the RTD to artists and performers represented by Uradex during the period from August 1994 through the end of July 2004.

On April 12, 2011, the Court of First Instance of Mechelen rendered a positive judgment in the procedure against Sabam, Agicoa, Uradex and other collection agencies, and as part of which procedure several collection agencies (Sabam not included) filed counterclaims against Telenet for the payment of the invoices that Telenet disputed. The Court validated Telenet's arguments in each of the claims and counterclaims that were the subject of the procedure and, as a result: (i) no retransmission fees have to be paid by Telenet in case of direct injection of a broadcaster's signal into Telenet's network, (ii) no retransmission fees have to be paid in case of simulcast of an analog and digital signal (and consequently, Telenet does not have to pay extra for the distribution of linear digital television signals) and (iii) all-rights-included contracts are deemed legally valid, which means that if Telenet agrees with a broadcaster that the latter is responsible for clearing all copyrights, Telenet is not liable towards the collection agencies. The collection agencies already lodged an appeal. Since Sabam had not filed any counterclaim for the payment of invoices as part of the aforesaid judgment, on April 6, 2011, Sabam (not the other collecting agencies) initiated judicial proceedings before the Commercial Court of Antwerp, claiming payment by Telenet of invoices relating to (i) fees for a period from January 1, 2005 until December 31, 2010 for Telenet's basic digital television package, and (ii) fee advances for the first semester of 2011 for Telenet's basic and optional digital television packages. The claims mainly relate to (i) direct injection and (ii) all-rights-included contracts. Sabam's claim is based on arguments substantially similar to those rejected by the Court of First Instance of Mechelen on April 12, 2011. Simultaneously, Sabam initiated a summary procedure before the President of the Commercial Court of Antwerp, to receive provisional payment of the contested fees and fee advances. On June 30, 2011, the President of the Commercial Court of Antwerp rendered a positive judgment for Telenet in this procedure. Sabam lodged appeal. On June 27, 2012 the Court of Appeal of Antwerp confirmed this judgment and dismissed the claim in summary proceedings of Sabam. Telenet does not expect the ultimate resolution of this matter to have a material impact on its results of operations or financial condition.

Broadcaster Litigation

Telenet was involved in judicial proceedings with SBS Belgium with respect to the fees to be paid to the latter for the broadcasting of the Belgian television channels VT4 and VijfTV since 2004. The procedure with SBS Belgium was settled out-of-court, after both parties analyzed the judgment rendered by the Commercial Court of Mechelen on November 3, 2011. As a part of that settlement a distribution agreement of three years, through December 31, 2014, was signed between Telenet and SBS Belgium.

Equipment supplier litigation

On November 21, 2005, Telenet terminated its agreement with M-Tec NV ("M-Tec"), a network equipment supplier, for the delivery of amplifiers for use in its Expressnet upstream upgrade project, following persistent issues with the quality of the equipment delivered by M-Tec. Separately, Telenet provisioned expenses resulting from its decision to write off certain equipment delivered by M-Tec during 2005. Following Telenet's termination of M-Tec's contract, M-Tec started litigation against Telenet, claiming €1.6 million for unpaid invoices and €5.0 million in damages for unlawful termination. Telenet made a counterclaim asserting that it had rightfully terminated the agreement due to M-Tec's repeated breaches and claiming damages for an amount to be determined by expertise. On December 7, 2005, the Court of First Instance of Mechelen awarded M-Tec €287,356 plus interest and costs, which Telenet paid into a blocked account. In a second proceeding before the Court of First Instance of Mechelen which M-Tec initiated on January 19, 2006, M-Tec is claiming a further €396,520 for unpaid invoices, the judgment for which remains pending. A former supplier of M-Tec for the Expressnet contract, Unitron NV ("Unitron"), initiated proceedings against Telenet the judgment for which remains pending. Unitron has significant outstanding invoices owed by M-Tec for the delivery of Expressnet equipment and aims to recover these directly from Telenet. Telenet filed an appeal against the December 7, 2005 judgment of the Court of First Instance. On September 25, 2006, the Court of Appeal of Antwerp revoked, for violation of Telenet's rights of defense, the December 7, 2005 judgment that was against Telenet in Telenet's favor. Following this, sums previously paid by Telenet on the basis of the December 7, 2005 judgment into the blocked account were restituted to Telenet. Two judicial experts —one technical, one financial— have been appointed by the Court of Appeal of Antwerp to investigate the underlying facts of the case. The technical expert started his work. The first phase consisted of an inventory of all delivered products. The second phase will focus on the acceptance testing and criteria in order to determine whether the products were fit for the purpose for which they were destined. The technical expert however stopped work as he found the mandate of the Court was unclear with regard to his objectives. On November 14, 2011, the Court of Appeal of Antwerp has determined the extent of the mandate of the technical expert. M-Tec has initiated a procedure to rebuke the judicial expert.

Meanwhile M-Tec filed a request for judicial composition ("gerechtelijk akkoord" / "concordat judiciaire") on February 17, 2006, granting a temporary moratorium against its creditors, following which Telenet proceeded with a conservatory seizure of funds on the bank accounts of M-Tec. This has been contested successfully by M-Tec in first instance, but was won in appeal by Telenet on January 28, 2010 before the Court of Appeal of Antwerp. In addition, Telenet disputed successfully the validity of the reorganization plan that restructures M-Tec's creditors' claims since said plan, while admitting Telenet's claim for an amount of €614,000, does not actually provide for any payment in favor of Telenet.

Following the ruling of the Belgian Supreme Court on March 4, 2010 that the Court of Appeal of Antwerp unjustly revoked the decision of the Court of First Instance of 2006 to approve M-Tec's reorganization plan as part of the judicial composition proceeding, the case is to be heard by a different court of appeal. Telenet does not expect the ultimate resolution of this matter to have a material impact on its results of operations or financial condition.

5.26.2 Operating leases

The Company leases facilities, vehicles and equipment under cancellable and non-cancellable operating leases. The following schedule details, at December 31, 2012 and 2011, the future minimum lease payments under cancellable and non-cancellable operating leases:

For the years ended December 31 (in thousands of euro)	**2012**	**2011**
Within one year	20,453	22,630
In the second to fifth year, inclusive	18,440	21,561
Thereafter	3,164	2,703
Total minimum lease payments	**42,057**	**46,894**
Minimum lease payments recognized as an expense in the year	**24,678**	**29,166**

The Company's operating leases as at December 31, 2012 and December 31, 2011 did not contain any material contingent rentals.

5.27 Related parties

The related parties of the Company mainly comprise its shareholders that have the ability to exercise significant influence or control. This consisted of the Liberty Global Consortium for both 2012 and 2011. Related parties further include transactions with Pebble Media NV, Doccle CVBA and Doccle.Up NV.

The following tables summarize material related party balances and transactions for the period:

5.27.1 Statement of financial position

(in thousands of euro)	**December 31, 2012**	**December 31, 2011**
Trade receivables	17	527
Trade payables and accrued liabilities	863	219

5.27.2 Statement of comprehensive income

For the years ended December 31, (in thousands of euro)	**2012**	**2011**
Operating		
Revenue	1,386	1,382
Operating expenses	(2,078)	(1,736)

5.27.3 Key management compensation

For purpose of this footnote, key management is identified as people involved in strategic orientation of the Company.

For the years ended December 31, (in thousands of euro)	**2012**	**2011**
Salaries and other short-term employee benefits	6,036	5,117
Post-employment benefits	210	208
Share-based payments (compensation cost recognized)	4,926	6,995
	11,172	**12,320**

5.28 Subsidiaries

5.28.1 Subsidiaries

Details of the Company's subsidiaries as of December 31, 2012 are as follows:

Company	National Number	Address	% Held	Consolidation Method
Telenet Group Holding NV	0477.702.333	Liersesteenweg 4, 2800 Mechelen, Belgium	-	Parent company
Telenet NV	0473.416.418	Liersesteenweg 4, 2800 Mechelen, Belgium	100%	Fully consolidated
Telenet Vlaanderen NV	0458.840.088	Liersesteenweg 4, 2800 Mechelen, Belgium	100%	Fully consolidated
T-VGAS NV	0808.321.289	Liersesteenweg 4, 2800 Mechelen, Belgium	100%	Fully consolidated
Telenet Mobile NV	0813.219.195	Zandvoortstraat 5, 2800 Mechelen, Belgium	100%	Fully consolidated
C-CURE NV	0463.997.817	Schaliënhoevedreef 20 H, 2800 Mechelen, Belgium	100%	Fully consolidated
TELENET TECTEO BIDCO NV	0835.821.779	Liersesteenweg 4, 2800 Mechelen, Belgium	74,99%	Fully consolidated
Telenet Service Center NV	0842.132.719	Liersesteenweg 4, 2800 Mechelen, Belgium	100%	Fully consolidated
Telenet Solutions Luxembourg S.A.	1999 22 34426	2 rue Peternelchen, L-2370 Howald, Luxembourg	100%	Fully consolidated
Telenet International Finance S.à r.l.	2010 24 40480	2 rue Peternelchen, L-2370 Howald, Luxembourg	100%	Fully consolidated
Telenet Luxembourg Finance Center S.à r.l.	2010 24 40464	2 rue Peternelchen, L-2370 Howald, Luxembourg	100%	Fully consolidated
Finance Center Telenet S.à r.l.	2011 24 52444	2 rue Peternelchen, L-2370 Howald, Luxembourg	100%	Fully consolidated

5.28.2 Other consolidated companies

Company	Trade Register Number	Address	% Held	Consolidation Method
Telenet Finance Luxembourg S.C.A. [1]	RCS B.155.894	5, rue Guillaume Kroll, L-1025 Luxembourg, Luxembourg	0%	Fully consolidated
Telenet Finance Luxembourg II S.A. [2]	RCS B.156.414	5, rue Guillaume Kroll, L-1025 Luxembourg, Luxembourg	0%	Fully consolidated
Telenet Finance III Luxembourg S.C.A. [3]	RCS B.158.666	5, rue Guillaume Kroll, L-1025 Luxembourg, Luxembourg	0%	Fully consolidated
Telenet Finance IV Luxembourg S.C.A. [4]	RCS B.161.083	5, rue Guillaume Kroll, L-1025 Luxembourg, Luxembourg	0%	Fully consolidated
Telenet Finance V Luxembourg S.C.A. [5]	RCS B.164.890	5, rue Guillaume Kroll, L-1025 Luxembourg, Luxembourg	0%	Fully consolidated
Telenet Finance VI Luxembourg S.C.A. [6]	RCS B.171.030	5, rue Guillaume Kroll, L-1025 Luxembourg, Luxembourg	0%	Fully consolidated

1 Telenet Finance Luxembourg S.C.A. was incorporated on September 28, 2010 as a special purpose financing company ("SPE") for the primary purpose of facilitating the offering of a High Yield Bond. This entity was incorporated at the request of the Telenet Group under the laws of the Grand Duchy of Luxembourg and is owned 99.99% by a Dutch charitable trust, called Stichting Telenet Finance Luxembourg and 0.01% by Telenet Finance S.à.r.l., a 100% affiliate of this Stichting. The Indenture relating to the High Yield Bond offering prohibits the Issuer from engaging in any activities other than certain limited activities permitted. The SPE set up for the issuance of the High Yield Bond is designed to operate in a predetermined way so that no entity has explicit decision-making authority over the SPE's ongoing activities after its formation (i.e. it operates on 'autopilot'). Virtually all rights, obligations, and aspects of activities that could be controlled are predefined and limited by contractual provisions specified or scheduled at inception. Together with other strong indicators of control over the SPE, it has been determined that Telenet Group Holding should consolidate the SPE created to issue the High Yield Bond.

2 Telenet Finance Luxembourg II S.A. was incorporated on October 28, 2010 as a special purpose financing company for the primary purpose of facilitating the offering of a Private Placement Bond. This entity was incorporated at the request of the Telenet Group under the laws of the Grand Duchy of Luxembourg and is owned 100.00% by a Dutch charitable trust, called Stichting Telenet Finance Luxembourg II. The Trust Deed relating to the Private Placement offering prohibits the Issuer from engaging in any activities other than certain limited activities permitted. The SPE set up for the issuance of the Private Placement Bond is designed to operate in a predetermined way so that no entity has explicit decision-making authority over the SPE's ongoing activities after its formation (i.e. it operates on 'autopilot'). Virtually all rights, obligations, and aspects of activities that could be controlled are predefined and limited by contractual provisions specified or scheduled at inception. Together with other strong indicators of control over the SPE, it has been determined that Telenet Group Holding should consolidate the SPE created to issue the Private Placement Bond.

3 Telenet Finance III Luxembourg S.C.A. was incorporated on January 28, 2011 as a special purpose financing company ("SPE") for the primary purpose of facilitating the offering of a High Yield Bond. This entity was incorporated at the request of the Telenet Group under the laws of the Grand Duchy of Luxembourg and is owned 99.99% by a Dutch charitable trust, called Stichting Telenet Finance III Luxembourg and 0.01% by Telenet Finance III S.à.r.l., a 100% affiliate of this Stichting. The Indenture relating to the High Yield Bond offering prohibits the Issuer from engaging in any activities other than certain limited activities permitted. The SPE set up for the issuance of the High Yield Bond is designed to operate in a predetermined way so that no entity has explicit decision-making authority over the SPE's ongoing activities after its formation (i.e. it operates on 'autopilot'). Virtually all rights, obligations, and aspects of activities that could be controlled are predefined and limited by contractual provisions specified or scheduled at inception. Together with other strong indicators of control over the SPE, it has been determined that Telenet Group Holding should consolidate the SPE created to issue the High Yield Bond.

4 Telenet Finance IV Luxembourg S.C.A. was incorporated on May 23, 2011 as a special purpose financing company ("SPE") for the primary purpose of facilitating the offering of a High Yield Bond. This entity was incorporated at the request of the Telenet Group under the laws of the Grand Duchy of Luxembourg and is owned 99.99% by a Dutch charitable trust, called Stichting Telenet Finance IV Luxembourg and 0.01% by Telenet Finance IV S.à.r.l., a 100% affiliate of this Stichting. The Indenture relating to the High Yield Bond offering prohibits the Issuer from engaging in any activities other than certain limited activities permitted. The SPE set up for the issuance of the High Yield Bond is designed to operate in a predetermined way so that no entity has explicit decision-making authority over the SPE's ongoing activities after its formation (i.e. it operates on 'autopilot'). Virtually all rights, obligations, and aspects of activities that could be controlled are predefined and limited by contractual provisions specified or scheduled at inception. Together with other strong indicators of control over the SPE, it has been determined that Telenet Group Holding should consolidate the SPE created to issue the High Yield Bond.

5 Telenet Finance V Luxembourg S.C.A. was incorporated on November 16, 2011 as a special purpose financing company ("SPE") for the primary purpose of facilitating the offering of a High Yield Bond. On August 10, 2012, the articles of association were amended in order to make it possible to issue more than one High Yield Bond. This entity was incorporated at the request of the Telenet Group under the laws of the Grand Duchy of Luxembourg and is owned 99.99% by a Dutch charitable trust, called Stichting Telenet Finance V Luxembourg and 0.01% by Telenet Finance V S.à.r.l., a 100% affiliate of this Stichting. The Indenture relating to the High Yield Bond offerings prohibits the Issuer from engaging in any activities other than certain limited activities permitted. The SPE set up for the issuance of the High Yield Bonds is designed to operate in a predetermined way so that no entity has explicit decision-making authority over the SPE's ongoing activities after its formation (i.e. it operates on 'autopilot'). Virtually all rights, obligations, and aspects of activities that could be controlled are predefined and limited by contractual provisions specified or scheduled at inception. Together with other strong indicators of control over the SPE, it has been determined that Telenet Group Holding should consolidate the SPE created to issue the High Yield Bonds.

6 Telenet Finance VI Luxembourg S.C.A. was incorporated on August 14, 2012 as a special purpose financing company ("SPE") for the primary purpose of facilitating the offering of one or more High Yield Bonds. This entity was incorporated at the request of the Telenet Group under the laws of the Grand Duchy of Luxembourg and is owned 99.99% by a Dutch charitable trust, called Stichting Telenet Finance VI Luxembourg and 0.01% by Telenet Finance VI S.à.r.l., a 100% affiliate of this Stichting. The Indenture relating to the High Yield Bond offering(s) will prohibit the Issuer from engaging in any activities other than certain limited activities permitted. The SPE set up for the issuance of High Yield Bond(s) is designed to operate in a predetermined way so that no entity has explicit decision-making authority over the SPE's ongoing activities after its formation (i.e. it operates on 'autopilot'). Virtually all rights, obligations, and aspects of activities that could be controlled are predefined and limited by contractual provisions specified or scheduled at inception. Together with other strong indicators of control over the SPE, it has been determined that Telenet Group Holding should consolidate the SPE created to issue the High Yield Bond(s).

5.29 Subsequent events

Proposed shareholder return

On February 11, 2013, the Company announced that 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) an extraordinary dividend of €7.90 per share, representing approximately €900.0 million, and (ii) a share buy-back of up to €50.0 million. The proposed extraordinary dividend 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 be implemented after the payment of the extraordinary dividend.

Friso van Oranje resigns as Board Member of TelenetGroup Holding NV

On February 28, 2013, the board of directors of Telenet Group Holding NV accepted the resignation of Friso van Oranje as independent director to the board. It has now been one year since Friso suffered a skiing accident. Following a request by Friso's family, Friso will step down as board member as of the date of the General Shareholders' Meeting on April 24, 2013, as he will not be able to return to his position in the near future due to his health condition. Friso has served at the Board since 2004.

Duco Sickinghe to leave Telenet; John Porter to be appointed as new CEO

On March 5, 2013, the board of directors of Telenet Group Holding NV announced that the Company accepted the resignation of its CEO, Mr. Duco Sickinghe. They decided in mutual agreement that Mr. Sickinghe will step down from his current executive duties at March 31, 2013 and as director at the occasion of the General Shareholders' Meeting on April 24, 2013.

The board of directors of the Company furthermore announced the appointment of Mr. John Porter as new CEO of the Company. Mr. Porter was the CEO of Austar United Communication, a leading provider of subscription television and related products in Australia, until the sale to Foxtel.

5.30 External audit

(all amounts in euro)

The general shareholders' meeting of April 27, 2011 appointed KPMG Bedrijfsrevisoren CVBA ("KPMG"), represented by Jos Briers and Götwin Jackers, as statutory auditor of the Company for a period of three years.

Base fees for auditing the annual (consolidated) financial statements of Telenet Group Holding NV and its Belgian subsidiaries are determined by the general meeting of shareholders after review and approval by the Company's audit committee and board of directors.

Audit and audit related fees for 2012 in relation to services provided by KPMG Bedrijfsrevisoren amounted to €654,500 (2011: €649,190), which was composed of audit services for the annual financial statements of €552,950 (2011: €536,950) and audit related services of €101,550 (2011: €112,240). Audit related services mainly relate to services incurred in connection with a bond issuance, attestation reports required by Belgian Company Law as well as other ad hoc attestation reports.

Audit and other audit related fees for 2012 in relation to services provided by other offices in the KPMG network amounted to €60,000 (2011: €81,335), which was composed of audit services for the annual financial statements of €50,000 (2011: €50,000) and other audit related services of €10,000 (2011: €31,335). Other audit related services mainly relate to services incurred in connection with a bond issuance.

Statutory auditor's report to the general meeting of Telenet Group Holding NV for the year ended 31 December 2012

FREE TRANSLATION OF UNQUALIFIED STATUTORY AUDITOR'S REPORT ORIGINALLY PREPARED IN DUTCH

In accordance with the legal requirements, we report to you on the performance of our mandate of statutory auditor. This report includes our report on the consolidated financial statements for the year ended 31 December 2012, as defined below, as well as our report on other legal and regulatory requirements.

Report on the consolidated financial statements

We have audited the consolidated financial statements of Telenet Group Holding NV ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards, as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. These consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2012 and the consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. The total of the consolidated statement of financial position amounts to EUR'000 4,101,136 and the consolidated statement of comprehensive income shows a profit for the year of EUR'000 33,235.

Board of directors' responsibility for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Statutory auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements. We have obtained from the company's officials and the board of directors the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified opinion.

Unqualified Opinion

In our opinion, the consolidated financial statements give a true and fair view of the group's equity and consolidated financial position as at 31 December 2012 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Report on other legal and regulatory requirements

The board of directors is responsible for the preparation and the content of the annual report on the consolidated financial statements.

In the framework of our mandate our responsibility is, in all material aspects, to verify compliance with certain legal and regulatory requirements. On this basis, we provide the following additional comments, which do not modify our opinion on the consolidated financial statements:

- The annual report on the consolidated financial statements includes the information required by law, is consistent, in all material respects, with the consolidated financial statements and does not present any material inconsistencies with the information that we became aware of during the performance of our mandate.

Other matters

- As disclosed in Note 5.2.19 to the consolidated financial statements, the accounting policies applied when preparing these consolidated financial statements have been modified compared to the previous year.
- As disclosed in Note 5.1.5 to the consolidated financial statements, the board of directors of the company has considered the group's consolidated net equity position as at 31 December 2012 and has disclosed its considerations for applying the accounting policies on a going concern basis.

Brussels, 19 March 2013

KPMG Bedrijfsrevisoren – Réviseurs d'Entreprises
Statutory auditor
represented by

Jos Briers	Götwin Jackers
Réviseur d'Entreprises/ Bedrijfsrevisor	Réviseur d'Entreprises/ Bedrijfsrevisor

Abridged annual report of the board of directors to the annual general meeting of shareholders

This section contains an abridged version of the statutory (non-consolidated) annual accounts and annual report of Telenet Group Holding NV (TGH).

The statutory auditor issued an unqualified opinion on the statutory accounts of Telenet Group Holding NV as of and for the year ended December 31, 2012. The second part of the auditor's report includes a number of specific additional paragraphs in accordance with article 523 of the Belgian Company Code (conflict of interest reported by members of the board of directors) and article 524 of the Belgian Company Code (transactions between Telenet Group Holding NV and a related company).

The full version of the annual accounts will be filed with the National Bank of Belgium and are available on the Company's website (http://investors.telenet.be).

1 Abridged non-consolidated balance sheet

(in thousands of euro)	December 31, 2012	December 31, 2011
Assets		
Non-current assets:		
Financial assets	2,382,581	2,360,543
Total non-current assets	**2,382,581**	**2,360,543**
Current assets:		
Amounts receivable within 1 year	54,105	-
Other investments and deposits	293,513	5,763
Cash at bank and in hand	385,976	2,129
Deferred charges and accrued income	360	138
Total current assets	**733,953**	**8,030**
Total assets	**3,116,534**	**2,368,573**
Equity and Liabilities		
Equity:		
Capital	12,331	294,190
Share premium	6,085	79,326
Reserves	73,606	70,782
Profit to be carried forward	93,298	1,073,852
Total equity	**185,319**	**1,518,556**
Liabilities:		
Provisions	12,070	-
Amounts payable after more than 1 year	2,014,074	218,950
Amounts payable within 1 year	905,070	631,473
Total liabilities	**2,931,215**	**850,017**
Total Equity and Liabilities	**3,116,534**	**2,368,573**

2 Abridged non-consolidated income statement

For the years ended December 31, *(in thousands of euro)*	**2012**	**2011**
Operating Income	12,070	-
Operating expenses	(13,114)	(899)
Operating loss	**(1,044)**	**(899)**
Finance income	42,388	-
Finance expenses	(78,119)	(37,002)
Loss to be appropriated	**(36,775)**	**(37,901)**

3 Capital

	2012 (in thousands of euro)	2012 (number of shares)
Issued capital		
January 1, 2012	**294,190**	**113,516,857**
25/04/12 Capital increase exercise of warrants 2007	1,213	467,962
25/04/12 Capital increase exercise of warrants 2010	164	63,335
25/04/12 Capital increase conversion of profit certificates A	897	346,025
25/04/12 Capital increase by incorporation of share premium	84,996	-
25/04/12 Capital decrease	(369,179)	-
25/04/12 Cancellation of treasury shares	-	(800,492)
25/09/12 Cancellation of treasury shares	-	(648,584)
25/09/12 Capital increase exercise of warrants 2007	32	295,975
25/09/12 Capital increase exercise of warrants 2010	14	125,558
13/11/12 Capital increase exercise of warrants 2007	4	24,408
13/11/12 Capital increase exercise of warrants 2010	2	17,492
December 31, 2012	**12,331**	**113,408,536**
Composition of the capital		
Dispreference shares	10	94,843
Golden shares	-	30
Ordinary shares without nominal value	12,321	113,313,663

4 Accounting policies

4.1 General

The Accounting Policies have been determined in accordance with the conditions of Chapter II of the Royal Decree of January 30, 2001 on the financial statements of companies.

Every component of the assets is valued individually. Depreciation was calculated on an annual basis up to 2001 and on a monthly basis from 2002 onwards. As a general rule, each component of the assets is valued at its acquisition cost, and shown in the balance sheet at that amount, minus any depreciation or write-downs. The amounts receivable are also shown, in principle, at their nominal value.

4.2 Specific accounting policies

4.2.1 Formation expenses

These expenses are shown at their acquisition value and are amortized using the straight-line method over 4 years. Expenses for formation and capital increase in foreign currency are kept at the historic exchange rate. That value is used for the calculation of amortization and write-downs.

The capitalized issuance costs relating to the Senior Notes are amortized over the term of the loan and recognized in earnings pro rata the monthly amount of interest. As from 2011 onwards, debt issuance costs are expensed as incurred.

4.2.2 Financial assets

Investments are recorded at their acquisition value. For the investments recorded under the heading "Financial fixed assets", an impairment loss is accounted for in case of permanent capital loss or decline in value, justified by the situation, profitability or outlook of the respective investees.

4.2.3 Amounts receivable within one year

Amounts receivable are recorded on the balance sheet at their nominal value. An appropriate write-down will be made if part or all of the payment on the due date is uncertain, or if the recoverable amount on the balance sheet date is lower than the book value.

Amounts receivable in foreign currency are converted at the official exchange rate applicable on the date when the invoice is posted. At the end of the financial year, they are converted using the official exchange rate on the balance sheet date.

4.2.4 Other investments and cash at bank and in hand

Balances held with financial institutions are valued at their nominal value.

Securities are valued at their acquisition value. Other cash equivalents are shown at their nominal value.

The additional expenses are charged immediately to earnings. Write-downs are accounted for if the recoverable amount on the balance sheet date is lower than the book value.

4.2.5 Amounts payable after more than 1 year and within 1 year

Creditors are shown in the balance sheet at their nominal value. Trade creditors in foreign currency are shown at the exchange rate on the date when the incoming invoice was posted. At the end of the financial year, they are converted using the exchange rate on the balance sheet date.

4.2.6 Fees related to long term financing

The deferred financing fees including early redemption fees and debt issuance costs are recognized in the statement of comprehensive income using the effective interest method. As from 2011 onwards, debt issuance costs relating to new loans are expensed as incurred.

4.2.7 Income statement

Income and expenses are recognized in the period to which they relate.

5 Abridged annual report concerning the statutory annual accounts of Telenet Group Holding NV

5.1 Comments on the balance sheet

5.1.1 Financial assets

The investments amounted to €2,382.6 million (2011: €2,360.5 million) and consisted of:

For the years ended December 31 (in euro)	**2012**	**2011**
Investees		
Telenet NV	2,382,231,563	2,360,231,563
Telenet Vlaanderen NV	249,438	249,438
Telenet Service Center NV	61,439	61,439
Telenet Mobile NV	38,062	62
T-VGAS NV	11	11
Telenet Tecteo Bidco NV	-	1
Investees	**2,382,580,512**	**2,360,542,512**

On December 27, 2012, Telenet's NV capital was increased by €22.0 million contributed in cash by Telenet Group Holding NV without creation of new shares. In May 2012, Telenet Group Holding NV contributed €38,000 in cash as part of the overall capital increase of Telenet Mobile NV at €38.0 million. No new shares were created at the occasion of afore mentioned transaction.

5.1.2 Amounts receivable within one year

A dividend receivable from Telenet NV for a total amount of €42.0 million has been recorded as of December 31, 2012.

In accordance with advice CBN 2012/3 with respect to the accounting treatment of stock option plans, the Company accounted for a provision amounting to €12.1 million related to the expected future price difference when the stock options are expected to be exercised. This cost was recharged to Telenet NV, the entity in which the beneficiaries are employed and all personnel expenses are incurred, and this resulted in an amount receivable from Telenet NV.

5.1.3 Other investments, deposits and cash

The investments as reported at year-end 2012 contain term accounts / deposits realizable within one year for an amount of €293.5 million (2011: €5.8 million). Composition of these investments can be summarized as follows:

For the years ended December 31 (in euro)	2012	2011
Other investments and deposits		
Own shares	5,763,121	5,763,121
Short term deposits	287,750,000	-
Other investments and deposits	**293,513,121**	**5,763,121**

The own shares are held by the Company to cover the Company's obligations under existing stock option plans. There will be no dividend rights for these shares for as long as they remain in possession of the Company.

The increase in cash and short term deposits is the result of the issuance of the €450.0 million Senior Secured Fixed Rate Notes due 2022 and €250.0 million Senior Secured Fixed Rate Notes due 2024 on August 13, 2012.

5.1.4 Capital

The changes in capital during 2012 can be summarized as follows:

		(in euro)
25/04/12	Capital increase exercise of warrants 2007	1,212,770,32
25/04/12	Capital increase exercise of warrants 2010	164,138,99
25/04/12	Capital increase conversion of profit certificates A	896,758,39
25/04/12	Capital increase by incorporation of share premium	84,995,873,32
25/04/12	Capital decrease	(369,179,482,75)
25/09/12	Capital increase exercise of warrants 2007	32,172,48
25/09/12	Capital increase exercise of warrants 2010	13,648,15
13/11/12	Capital increase exercise of warrants 2007	3,653.15
13/11/12	Capital increase exercise of warrants 2010	1,901.38
		(281,858,566.57)

5.1.5 Share premium

In April 2012, the Company performed a capital increase by incorporation of the total share premium as of that date (€85.0 million). Upon the exercise in 2012 of options related to the Warrant Plan 2007, 2007 bis, ter, quater, sexies and septies, of options related to the Warrant Plan 2010 primo, bis and ter, as well as the amounts received upon conversion of Class A Options an amount of €11.8 million was accounted for as share premium. The remaining balance of share premium at December 31, 2012 amounts to €6.1 million.

5.1.6 Reserves

Total reserves at year-end 2012 amount to €73.6 million compared to €70.8 million at December 31, 2011 and can be detailed as follows:

(in euro)	December 31, 2012	December 31, 2011
Reserves		
Legal reserve	64,798,289	64,798,289
Reserves unavailable for distribution		
for own shares	5,763,121	5,763,121
other	936,496	220,352
Untaxed reserves	2,107,898	-
Reserves	**73,605,804**	**70,781,762**

The untaxed reserves relate to the capital reduction of €3.25 as decided upon by the general meeting of shareholders in April 2012 on 648,584 own shares that were held on the payment date, being August 31, 2012. The €2.1 million was not paid out but added back to the Company's equity as untaxed reserves.

5.1.7 Provisions

In accordance with advice CBN 2012/3 with respect to the accounting treatment of stock option plans, the Company accounted for a provision amounting to €12.1 million related to the expected future price difference when the stock options are expected to be exercised.

5.1.8 Amounts payable after more than one year

Amounts payable after more than one year can be summarized as follows:

(in euro)	December 31, 2012	December 31, 2011
Amounts payable after more than one year		
Telenet International Finance S.à r.l.	1,243,370,965	95,083,485
Telenet NV	-	123,866,023
Finance Center Telenet S.à r.l.	770,703,482	-
Amounts payable after more than one year	**2,014,074,447**	**218,949,508**

The increase in the outstanding long-term amounts payable to Telenet International Finance S.à r.l. is the result of additional borrowings for a total amount of €1,121.2 million in order to fund (i) the payment of the 2012 dividend which was paid in May, (ii) the payment of the 2012 capital reduction which was paid in August, and (iii) the intended Self Tender to purchase own shares. Taking into account the monthly interest accruals accounted for during the year, the long-term debt to Telenet International Finance S.à r.l. amounts to €1,243.4 million.

As part of the restructuring of the group's financing structure in December 2012, Finance Center Telenet S.à r.l. entered into three intercompany tranches for a total amount of €768.2 million. Taking into account the monthly interest accruals accounted for during the year, the long-term debt to Finance Center Telenet S.à r.l. amounts to €770.7 million.

During the year, Telenet Group Holding NV accrued for interest charges on its intercompany borrowing from Telenet NV amounting to €8.5 million. In December 2012, Telenet Group Holding NV repaid its noncurrent and current debt to Telenet NV of €132.4 million and €635.8 million, respectively, in full, using the proceeds from the loan granted by Finance Center Telenet S.à r.l.

5.1.9 Amounts payable within one year

Amounts payable within one year amount to €905.1 million compared to €631.1 million at year end 2011 and can be detailed as follows:

(in euro)	**December 31, 2012**	**December 31, 2011**
Amounts payable within one year		
Trade debts	6,651,891	200,000
Taxes, remuneration and social security	306,585	-
Other amounts payable		
current account Telenet NV	-	517,232,816
other	898,111,339	113,634,690
Amounts payable within one year	**905,069,815**	**631,067,506**

Trade debt consists of accounts payable amounting to €2.8 million (of which €1.6 million are intercompany invoices) and invoices to receive at €3.9 million.

The taxes, remuneration and social security outstanding as of December 31, 2012 consist of a provision for social security charges related to performance shares and which are payable upon vesting of the underlying performance shares.

During the year, Telenet Group Holding NV accrued for interest charges on its short-term debt with Telenet NV amounting to €2.0 million and received new fundings from Telenet NV on its current account for a total amount of €116.6 which were used to fund the payment of the dividend in May 2012. As discussed above, all current and noncurrent debt to Telenet NV was repaid in full in December 2012.

The other amounts payable for an amount of €898.1 million (2011: €113.6 million) consist primarily of dividends payable, based on the number of shares as at the date of the board of directors, amounting to €898.1 million (2011: €113.0 million).

5.2 Comments on the income statement

The income statement shows a loss of €36,774,533.40 for the financial year ended December 31, 2012 (versus a loss of €37,900,974.64 in 2011). Net operating loss for the year amounts to €1,043,692.99 (compared to a loss of €898,889.24 in 2011).

Finance expense (€78.1 million) consists almost entirely of interest charges to (i) Telenet NV (€15.7 million), Telenet International Finance S.à r.l. (€27.9 million) and Finance Center Telenet S.à r.l. (€2.5 million). Last year this interest charge amounted to €37.1 million relating to interest due to Telenet NV (€36.9 million) and interest due to Telenet International Finance S.à r.l. (€0.1 million).

Finance expenses also include other expenses (€32.0 million) consisting primarily of debt issuance costs related to new loans (€27.1 million) and bank charges (€4.8 million).

Finance income amounted to €42.4 million for 2012 (2011: €0.1 million) and consisted primarily of a dividend income from Telenet NV for an amount of €42.0 million.

The Company proposes to the general shareholders' meeting to:

- bring forward the profit brought forward at the prior year-end amounting to €1,073,852,318.31, resulting in a profit available for appropriation amounting to €1,037,077,784.91 at December 31, 2012);
- allocate an amount of €46,417,214.24 to the reserves unavailable for distribution for own shares, related to the in 2012 purchased own shares;
- distribute a dividend of €897,362,595.80.

As a result, the profit to be carried forward amounts to €93,297,974.87 as of December 31, 2012.

5.3 Information on research and development

We refer to the consolidated annual report of the board of directors.

5.4 Risk factors

We refer to the consolidated annual report of the board of directors.

5.5 Information about subsequent events

We refer to the consolidated annual report of the board of directors.

5.6 Going concern

The going concern of the Company is entirely dependent on that of the Telenet Group.

Currently, the Telenet group still has a substantial amount of losses carried forward on the balance sheet, but succeeded to deliver solid Adjusted EBITDA margins and growing operational cash flows. This is entirely aligned with the Company's long range plan, which encompasses a continued development of the Company's profit generating activities in order to absorb the losses carried forward over time. Because of the continued strong growth in the number of subscribers on telephony, internet and digital television and a further focus on cost control and process improvements, the Company was again able to strongly increase its operating results.

As of December 31, 2012, the Company carried a total debt balance (including accrued interest) of €3,843.0 million, of which €1,404.6 million principal amount is owed under the 2010 Amended Senior Credit Facility (including €175.0 million relating to the Term Loan T issued in February 2012), €1,300.0 million principal amount is related to the four Notes issued in 2010 and 2011, and €700.0 million principal amount relates to the Senior Secured Fixed Rate Notes due 2022 and 2024 issued in August 2012. The Company's total debt balance at December 31, 2012 also included €53.3 million for the outstanding portion of the 3G mobile spectrum including accrued interest. The remainder primarily represents the capital lease obligations associated with the Interkabel Acquisition.

Taking into account the growing positive Adjusted EBITDA results of the current year, the board of directors believes that the Telenet group will be able to fund the further development of its operations and to meet its obligations and believes that the current valuation rules, as enclosed in the annual accounts, and in which the continuity of the Company is assumed, are correct and justified under the current circumstances.

5.7 Application of legal rules regarding conflicts of interest

We refer to the consolidated annual report of the board of directors.

5.8 Branch offices of the company

Telenet Group Holding NV has no Branch Offices.

5.9 Extraordinary activities and special assignments carried out by the auditor

We refer to the notes to the consolidated financial statements of the Company.

5.10 Telenet hedging policy and the use of financial instruments

We refer to the consolidated annual report of the board of directors.

5.11 Grant of discharge to the directors and statutory auditor

In accordance with the law and articles of association, the shareholders will be requested at the annual shareholders' meeting of April 24, 2013 to grant discharge to the directors and the statutory auditors of their responsibilities assumed in the financial year 2012.

5.12 Information required pursuant to article 34 of the belgian royal decree of november 14, 2007 and the law of april 6, 2010

We refer to the consolidated annual report of the board of directors.

This report shall be deposited in accordance with the relevant legal provisions and is available at the registered office of the Company.

Mechelen, March 19, 2013

On behalf of the board of directors

Duco Sickinghe Chief Executive Officer	Frank Donck Chairman

6 Glossary

Term	Definition
3DTV	Three-dimensional high definition television.
3G	The third generation of mobile communications standards, referred to in the industry as IMT-2000, capable of data speeds exceeding the 14.4 Kbps of GSM technology.
4G	The fourth generation of mobile communications standards, which when fully implemented is expected to allow for higher data speeds than achievable with 3G and additional network features and capabilities.
ADSL	Asymmetrical DSL; an internet access technology that allows voice and high-speed data to be sent simultaneously over local copper telephone line.
ARPU	Average Revenue Per User; the average monthly revenue per Revenue Generating Unit ("RGU"), a measure Telenet uses to track growth in its revenue per service. A home, residential multiple dwelling unit or commercial unit may contain one or more RGUs, and the ARPU is the sum of such revenues divided by the number of RGUs.
ATN	Attendee.
B2B	Business-to-business.
Bandwidth	The width of a communications channel; in other words, the difference between the highest and lowest frequencies available for network signals. Bandwidth also refers to the capacity to move information.
BIPT	Belgian Institute for Postal Services and Telecommunications, being the federal telecommunications regulator.
Broadband	Any circuit that can transfer data significantly faster than a dial-up phone line.
Bundle	A combination of television, internet and telephony products and services marketed by service providers.
CAGR	Compound Annual Growth Rate.
CEO	Chief Executive Officer.
Churn	The total number of RGUs disconnected during the period divided by the average number of RGUs for the period; statistics do not include customers who move within the areas of the Combined Network offering the same service and who elect to receive the same services from Telenet that they previously received at their prior location; statistics do includes SMEs that receive Telenet's services through a coaxial connection.
CLS	Customer Loyalty Score, a measure for "attitudinal loyalty" at a given moment. It measures (consumer) perception and expresses the momentary intensity of the relationship between the customer and the Telenet brand.
CM	Chairman.
CODM	Chief operating decision maker, refers to the Company's CEO.
Combined Network	The combination of Telenet's own network and the Partner Network.
Company	Telenet Group Holding NV.
COSO	Committee of Sponsoring Organizations of the Treadway Commission.
CPE	Customer premise equipment, which typically comprises a modem or set-top box and associated cabling and other fittings such as an NIU in order to deliver service to a subscriber.
CRC	Refers to Conference of Regulators for Electronic Communications, a body which brings together the BIPT and the regional regulators.
CSA	Conseil Supérieur de l'Audiovisuel, being the Walloon regulator on audio-visual matters.

Term	Definition
Customer relationships	The number of customers who receive at least one level of service that Telenet Group Holding counts as revenue generating unit without regard to which, or to how many services they subscribe.
DSL	Digital Subscriber Line; DSL is a technology that provides high-speed internet access over traditional telephone lines.
DTT	Digital terrestrial television.
EPG	Electronic program guide.
ESOP	Employee Stock Option Plan. The Company issued warrant plans in 2007 and 2010 (ESOP 2007 and ESOP 2010 respectively).
ESPP 2011	Employee share purchase plan. The Company issued an employee share purchase plan in 2011.
EuroDOCSIS 3.0	Data over cable service interface specification, a technology that enables the addition of high-speed data transfer over an existing cable television system.
Fibernet	Refers to all of Telenet's high-speed broadband internet services powered by the EuroDOCSIS 3.0 protocol. Fibernet was first introduced in February 2010 and in early 2011 Telenet started to commercialize Fibernet on a larger commercial scale. Currently, Telenet offers two Fibernet tiers with download speeds of up to 50 Mbps and up to 100 Mbps respectively.
Footprint	The service areas in which Telenet is operating, consisting of the Flanders region, including the metropolitan centers of Antwerp and Ghent, and one-third of Brussels.
FreePhone	Refers to Telenet's flat-fee rate plan for fixed telephony services. FreePhone was introduced in 2004 and enables Telenet's fixed telephony subscribers to make unlimited free calls to landlines in Belgium (later complemented with certain European and international destinations) during off-peak hours.
FreePhone Mobile	Flat-fee rate plan for fixed telephony services, launched by Telenet in November 2011. FreePhone Mobile enables Telenet's fixed telephony subscribers to make free calls to mobile lines in Belgium during off-peak hours.
Full-MVNO	Full mobile virtual network operator, being an operator that provides mobile services via its own SIM cards, under its own Mobile Network Code and having its own interconnection agreements, but without its own licensed frequency allocation of radio spectrum.
HD	High definition.
HFC	Hybrid fiber-coaxial; refers to a broadband network which combines optical fibre and coaxial cable.
Homes passed	Telenet's estimate of the number of potential residential, SoHo and SME subscribers to whom it can offer its services.
Homespot	Homespots are a complement to the Telenet hotspot network, the wireless WiFi network that has been around since 2003. Through the wireless homespots network, Telenet's broadband internet customers are able to surf for free at the homes of friends or relatives.
Hotspot	A hotspot is a site that offers internet access over a wireless local area network through the use of a router connected to a link to an internet service provider. Hotspots typically use Wi-Fi technology.
ICoFR	Internal Control over Financial Reporting.
iDTV	Interactive digital television.
INDI	Non-interactive digital television platform acquired pursuant to the PICs Agreement.

Term	Definition
Interconnection	Means by which users of one telephony network are able to communicate with users of another telephony network. For a subscriber located on one telephony network to complete a telephone call to an end user served by another telephony network, the subscriber's network service provider must interconnect to the network serving the end user.
Internet	A collection of interconnected networks spanning the entire world, including university, corporate, government and research networks. These networks all use the IP communications protocol.
IP	Internet Protocol.
IPTV	IP-protocol digital television.
ISP	Internet Service Provider.
IT	Information technology, a general term referring to the use of various software and hardware components when used in a business.
LGI	Liberty Global, Inc., Telenet's majority shareholder.
Liberty Global Consortium	The majority shareholder of the Company. Currently all shares of the Company are held by Binan Investments B.V.
LTE	Long term evolution technology being a standard in mobile network technology, commonly referred to as 4G.
Mbps	Megabits per second; each megabit is one million bits.
MHP	Multimedia Home Platform.
MHz	Megahertz; a unit of frequency equal to one million Hertz.
MICs	Refers to the mixed intermunicipalities in Belgium. Mixed intermunicipalities, as opposed to pure intermunicipalities, have the private company Electrabel as a partner.
MPLS	Multi-protocol label switching.
Multiple-play	The bundling of different telecommunications services, e.g. digital cable television, broadband internet and fixed telephony services, by one provider.
MVNO	Mobile virtual network operator. Refers to a company that provides mobile phone services but does not have its own licensed frequency allocation of radio spectrum, nor necessarily all of the infrastructure required to provide mobile telephony services.
Network	An interconnected collection of components which would, in a telecommunications network, consist of switches connected to each other and to customer equipment by real or virtual links. Transmission links may be based on fiber optic or metallic cable or point to point radio connections.
NIU	Network interface unit, a small device at a subscriber's premise which enables interactivity between Telenet's network and the end-user, and to prevent interference from entering the network.
OFCF	Operating Free Cash Flow, or under Telenet's definition Adjusted EBITDA minus cash capital expenditures.
Partner Network	Refers to the network owned by Interkabel and the pure intermunicipalities which encompasses about one third of Flanders. Following the PICs Agreement, Telenet has acquired full rights to use substantially all of the Partner Network under a long-term lease.
PICs	Pure intermunicipalities in Belgium.
PICs Agreement	Refers to an agreement dated June 28, 2008 entered into between Telenet, Interkabel, INDI ESV and four PICs in Flanders.
PRIME	Subbrand used by the Company for its digital pay television services.

Term	Definition
Pulsar	Refers to the Company's node splitting project, which seeks to reduce the number of homes connected to an optical node from an average of 1,400 today to an average of 500 by end-2015. Through Pulsar, the Company will build a next-generation network capable of capturing the future consumer needs and substantially increasing the network capacity.
PVR	Personal video recorder, a consumer electronics device or application software that records video in a digital format to for instance a set-top box or other means of digital storage.
Quad-play	Quadruple-play, referring to triple-play with the addition of mobile telephony services.
Retail minus method	Method for cost calculating, being the retail price for the offered service, excluding VAT and copyrights, and further deducting the retail costs it avoids by offering the wholesale service, such as costs for billing, franchise, consumer service, marketing, and sales.
RGU	Revenue Generating Unit; separately an analog cable television subscriber, digital cable television subscriber, internet subscriber or fixed telephony subscriber. A home, residential multiple dwelling unit or commercial unit may contain one or more RGUs. For example, if a residential customer in Telenet's digital cable service, telephony service (regardless of their number of telephony access lines) and broadband internet service, the customer would constitute three RGUs. "Total RGUs"is the sum of analog cable, digital cable, internet and fixed telephony subscribers. RGUs generally are counted on a unique premise basis such that a given premise does not count as more than one RGU for any given service. On the other hand, if an individual receives Telenet's service in two premises (e.g., a primary home and a vacation home), that individual will count as two RGUs. Non paying subscribers are counted as subscribers during their fee promotional service period. Some of these subscribers choose to disconnect after their free service period. Services offered without charge on a permanent basis (e.g. VIP subscribers, free service to employees) are not counted as RGUs.
SG&A	Selling, general and administrative expenses.
Shakes	The various multiple-play bundles, which Telenet offers to its residential customers. These multiple play bundles combine two, three or multiple services into one single subscription.
SIM	A subscriber identity module or subscriber identification module (SIM) is an integrated circuit that securely stores the International Mobile Subscriber Identity (IMSI) and the related key used to identify and authenticate subscribers on mobile telephony devices (such as mobile phones and tablets).
SME	Small and medium-sized enterprise.
SOX	Refers to the US Sarbanes-Oxley Act of 2002.
SoHo	A small office at home.
SPE	Special purpose entity. In 2010, the Company established special purpose entities for financing purposes. The Company does not have any direct or indirect shareholdings in these entities.
SSOP 2010-2014	Special Stock Option Plan. The Company issued an option plan for the CEO of the Company in 2010.
TFL	Refers to Telenet Finance Luxembourg S.C.A., the issuer of the €500.0 million Senior Secured Notes due 2020.
TFL II	Refers to Telenet Finance Luxembourg II S.A., the issuer of the €100.0 million Senior Secured Notes due 2016.
TFL III	Refers to Telenet Finance III Luxembourg S.C.A., the issuer of the €300.0 million Senior Secured Notes due 2021.
TFL IV	Refers to Telenet Finance IV Luxembourg S.C.A., the issuer of the €400.0 million Senior Secured Floating Rate Notes due 2021.
TIF	Refers to Telenet International Finance S.à r.l., the Company's financing center in Luxembourg.
Traffic data	Data processed for the purpose of the conveyance of a communication on an electronic communications network or for billing.

Term	Definition
Triple-play	Where a customer has subscribed to a combination of three products, digital cable television, broadband internet and fixed telephony services, from Telenet.
VDSL	Very high speed DSL. A high speed variant of ADSL.
VOD	Video on demand; a service which provides subscribers with enhanced playback functionality and gives subscribers access to a broad array of on demand programming, including movies, live events, local drama, music videos, children programming and adult programming.
VoIP	Voice over internet Protocol; a telephone service via internet, or via TCP/IP protocol, which can be accessed using a computer, a sound card, adequate software and a modem.
VPN	Virtual private network, a business service enabling users to obtain remote access to network functionality.
VRM	Vlaamse Regulator voor de Media, being the Flemish regulator for Media.
WiFi	WiFi stands for Wireless Fidelity. It is a technology for wireless connections with local networks. WiFi establishes fast radio frequencies between terminals and servers who in their turn are connected with a high-speed network.
Wi-Free	Refers to the the free wireless internet service that Telenet provides for its broadband internet customers through a dense network of wireless hotspots and homespots.

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Annual Report
This report is also available in Dutch.

Internet
you can read or download this report via the website http://jaarverslag2012.telenet.be

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Concept and production
www.concerto.be

Responsible editor
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Telenet, Vincent Bruyneel
Liersesteenweg 4, 2800 Mechelen